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BUSINESS



MAY • 1936

What Workers Ought to Know

By Thomas Nixon Carver

Japan's Bid for World Trade

Public Opinion Number One

By Ruth McInerney

275,000 NET PAID CIRCULATION

PUBLISHED BY THE CHAMBER OF COMMERCE
OF THE UNITED STATES • WASHINGTON

CANDY. An Atlanta candy company promotes sales by telephone preceding Christmas, Mother's Day, etc. Results have been very satisfactory, with costs averaging less than 2%. Recently, 41 Long Distance calls, costing \$32.70, brought orders totaling \$1664.74.

CHEMICALS. The sales manager of a Los Angeles chemical firm, during a two-hour stop-over between trains in Tucson, Arizona, invested \$9.50 in telephone calls to other Arizona cities, and secured \$686.85 worth of business.

"But our Business is different"

AIRPLANES. An airplane sales service at Roosevelt Field, Long Island, sold \$11,000 worth of new and used airplanes by means of Long Distance telephone calls, at a cost of \$30.

WOOD TANKS last from six to forty years. But a Philadelphia wood tank manufacturer, covering New England from key towns by telephone, quickly increased his active customer list from 80 to 265. One trip produced 9 direct orders and 50 subsequent orders. A \$3000 sale resulted from two Long Distance calls costing less than a dollar.

LENSES. After other methods had failed, a Dayton lens company telephoned ten delinquent accounts within a radius of 400 miles, collected \$2500 from seven of them. The net cost was less than 2%.

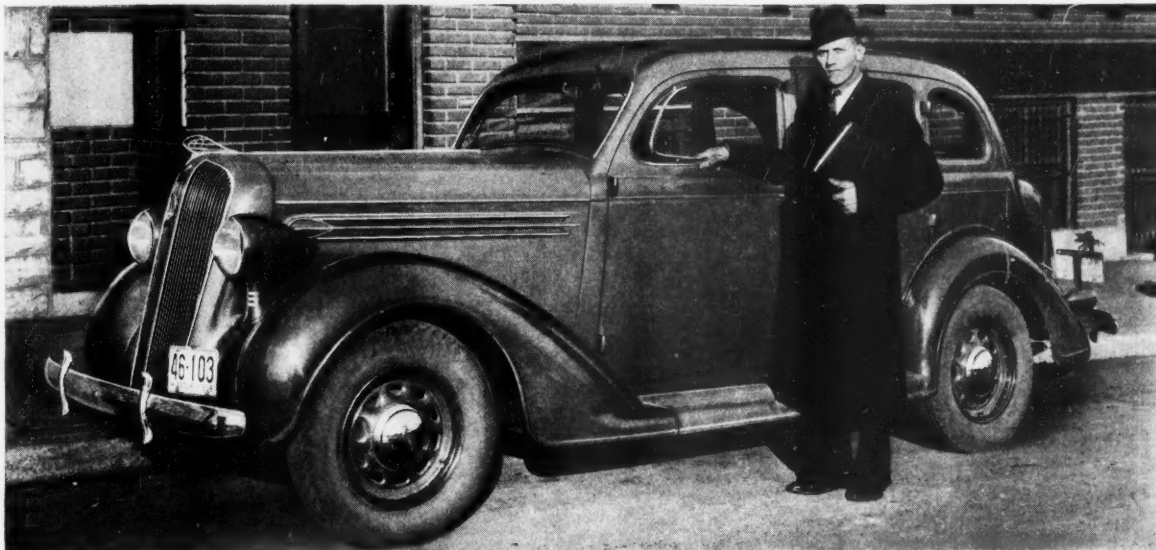
CORN. A Cleveland grain company writes: "Long Distance telephone service is a vital feature of our business. Recently a rush call to Chicago sold 150,000 bushels of corn in less than three minutes. The telephone cost was only \$1.45."



You may have thoroughly sound reasons for believing that your business is different. But hundreds of "different" businesses have found that Long Distance telephone service fills a fundamental need. . . . It takes busy men North, East, South, West, at will. It cuts through crowded lobbies, gets attention, gets results. It finds prospects and follows them up. It makes appointments and makes sales. . . . Put Long Distance to work this week and watch results!

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PLYMOUTH HELPED Mr. Evans win a safe-driving award given by a Kansas City newspaper.

SALESMAN J. E. EVANS, Kansas City, Mo., of a big tent and awning company, is driving his fourth Plymouth.

"Plymouth costs less to own...and to run," he says. "My new Plymouth is averaging 20 miles per gallon...oil consumption is very low...upkeep is the lowest I ever heard of."

"I drive about 30,000 miles a year...and I've never had the head off a Plymouth engine. It's an easy car to drive...comfortable...and has the re-

liability a salesman needs. And it's a safe car...I wouldn't drive today without 100% Hydraulic brakes!"

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Plymouth is priced with the lowest...and Plymouth terms are as low as the lowest! You can buy a big, new Plymouth for as little as \$25 a month. The Commercial Credit Company has made available to all Chrysler, Dodge and DeSoto Dealers slow finance terms that make Plymouth easy to buy.

\$510

And up, List at Factory, Detroit
Special Equipment Extra

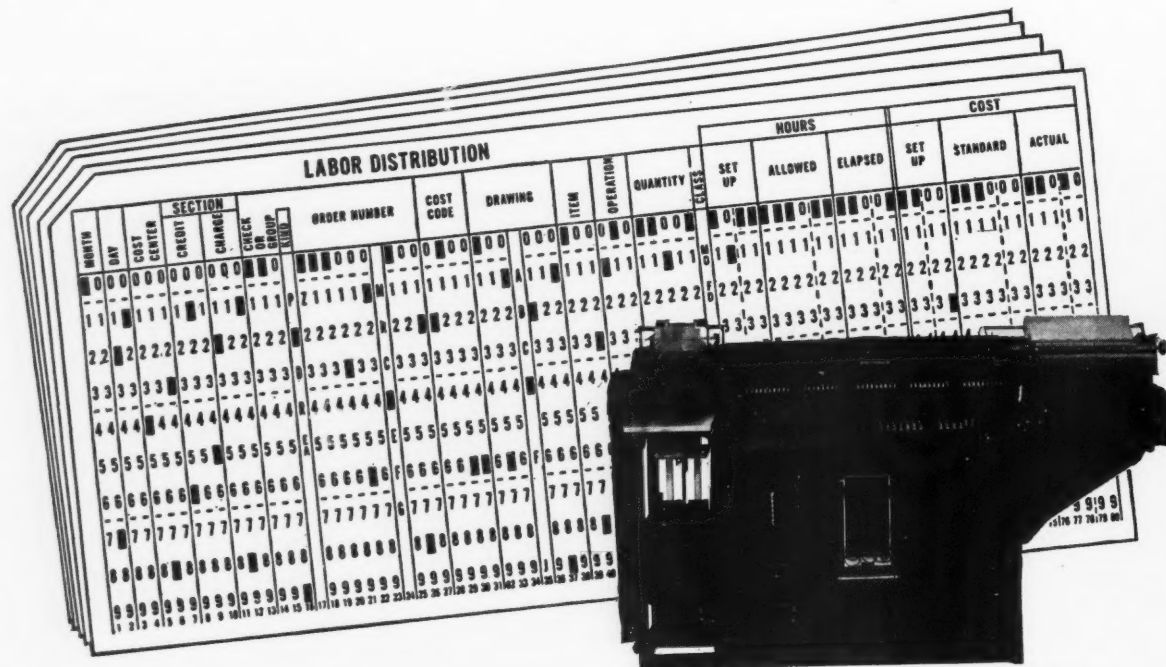


"ON A TRIP TO CALIFORNIA...6,000 miles, I got 20 miles per gallon...used only 4 quarts of oil."

• TUNE IN ED WYNN THURSDAY NIGHTS 8:30 E. S. T., C. B. S. . . "GULLIVER THE TRAVELER"

PLYMOUTH BUILDS GREAT CARS

Nation's Business is published on the 30th of every month by the Chamber of Commerce of the United States. Publication Office, Washington, D. C. Editorial, Advertising and Circulation Offices, 1615 H Street, N. W. Washington, D. C. Subscription price \$3.00 one year; \$7.50 three years; 25 cents a copy. Entered as second-class matter March 20, 1920 at the Post Office at Washington, D. C., additional entry at Greenwich, Conn., under the Act of March 3, 1879.



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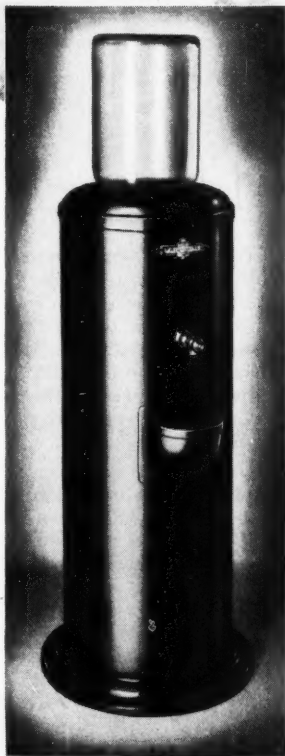


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Chicago, Illinois



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QUESTIONS our readers are asking:

- 1 • WHY should employed persons be interested in maintaining freedom of initiative? ANSWER ON PAGE 15
- 2 • WHAT is Washington going to do about abuses in use of relief funds? ON PAGE 17
- 3 • WHAT is the real challenge to America in Japan's increasing foreign trade? ON PAGE 20
- 4 • WHAT has planned economy accomplished at Reedsville? . . . ON PAGE 25
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NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE UNITED STATES

VOLUME 24

MERLE THORPE, Editor & Publisher

NUMBER 5

Managing Editor, RAYMOND C. WILLOUGHBY; Contributing Editor, WARREN BISHOP; Business Manager, J. B. WYCKOFF; Director of Advertising, E. V. THOMPSON; Circulation Manager, LAWRENCE F. HURLEY.

GENERAL OFFICE—Washington, U. S. Chamber Building. BRANCH OFFICES—New York, Graybar Bldg. San Francisco, 433 California Street. Dallas, 1101

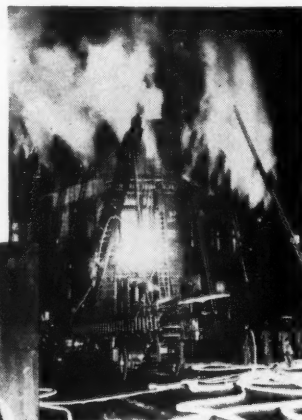
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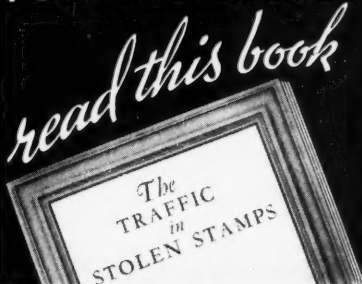
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TO PREVENT
POSTAGE LOSSES



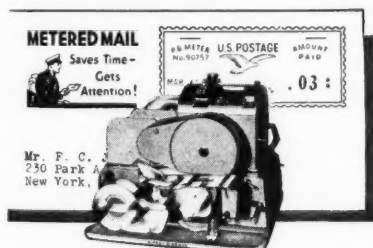
FOR EXECUTIVES ONLY

Stamps are currency. They may be used to buy merchandise and settle personal bills. They can be sold for cash—and no questions asked. The losses caused by the theft of stamps from business houses are far greater than most people believe—and this book shows the extent of the evil. It exposes the methods used to beat postage protection systems, and describes the only certain ways to stop these losses in any business.

Complete protection is made possible by the use of Metered Mail and Pitney-Bowes Postage Meter Machines. The magnitude of the resulting savings is usually a surprise to the new user—savings from 20 per cent to 30 per cent are common.

In addition to such savings, Metered Mail offers other substantial advantages. Pitney-Bowes Postage Meter Machines cut the cost of mail preparation, speed mail delivery, broadcast the mailers' progressiveness, get better results... and get them sooner.

The complete story of losses due to inadequate protection, and of the advantages secured where Metered Mail guards the postage account, is in the book now offered. Because of the disclosure of methods used, distribution must be strictly limited to executives who send their request, typed on business stationery, signing title as well as name.



Pitney-Bowes "Omni" Denomination Postage Meter Machine for parcel post, letters and circulars. Imprints Meter Stamps from 1/2c to \$9.99, postmarks, prints a trade mark or slogan, audits the postage account, seals envelopes. A single, split-second operation does it all.

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Through the Editor's Specs

Quizzing at a price

ON THE showing of the record since March, 1933, the Senate is in a way of becoming the greatest investigative as well as deliberative body in the world. Letting light into corners that seemed dark to official probers, if not to the public, had cost \$796,369 by the end of February. Looking into the stock market was billed at \$160,000. Inquiring into the arms business took \$132,000. Sifting price declines of cotton on the exchange required \$72,500. Grilling lobbyists called for \$50,000.

Other big items on the investigative cost sheet: Air mail contracts, \$50,000; receiverships and bankruptcies, \$30,000; Morro Castle disaster, \$25,000; campaign expenditures, \$25,000; railway financing, \$25,000; racketeering in the United States, \$35,000; "kickback" racket in labor relations, \$15,000; government of Virgin Islands, \$22,000; conditions among the Indians, \$15,000; wild animal life, \$20,000; effects of the Silver Purchase Act, \$10,000.

Before committee members put witnesses on the grill, a good bit of sleuthing is done by hired specialists. Nothing is impromptu on the part of the probers. They are primed with questions before the scroll of testimony begins to unroll in public to the accompaniment of clicking cameras and popping flashlights.

For example, a blanket subpoena on the Western Union and Postal Telegraph Company demanding original copies of all messages filed in 1935 seeking to influence legislation defines the enlarging scope of the lobby investigation headed by Senator Black. The size of this one job indicates the cost to industry. It is fair to estimate that, while the taxpayers put up one million, private industry pays out five million. But the greatest cost is not money; the wicked cost is in the diversion of efforts from the main job, the chilling of the spirit of enterprise.

Search & seizure, 1936 model

NO MAN'S affairs are any longer his own. If he sends a telegram, a govern-

ment agency swoops down and seizes the original. He wires his wife that he won't be home to dinner, and a government investigating committee demands to be told where he was that evening. The cross examination of Mr. Pickwick by Sergeant Buzfuz as to the meaning of "chops and tomato sauce" will be nothing compared to his ordeal.

If a corporation pays him a salary, a commission makes it public and a newspaper records it. His neighbors discuss whether he's worth it and his neighbor's wife asks why her husband doesn't get as much.

Recently a Texas Representative spread over eight pages of the Congressional Record (cost for composition and paper \$50 a page) reports of salaries and taxes paid by citizens of Washington, including value of their homes, number and makes of their automobiles and so on.

What good did it serve, except to spend money and the time of government employees? None. It proved only that some men pay more taxes than others; that one man with \$20,000 a year may live in a bigger house than a man who gets more.

Trading in futures

WHAT Princeton students started as a bonus drive for their new Veterans of Future Wars organization has been quickly amended elsewhere to include co-eds "who expect to lose sons in the next war." At Oklahoma University, Ernest Butler, a senior, is prime mover in the cause. Heartily agreeing with the Princeton demand for a \$1,000 bonus due June 15, 1965, he believes the bonus should be raised to \$2,000. Said he:

This movement will sweep the nation. It's a swell thing. War is inevitable. We'll all have to go. We should all have our war bonus to enjoy while we are young. Congress could give us our pension out of what it is planning to spend for more war airplanes and other fighting equipment.

Lifting of older eyebrows defines no scorn in the bright lexicon of youth. What the organization possibilities are, any good pressure group pro-

SEE! *the grass IS greener!*



NO DOUBT about it, many a manufacturer in search of a new location for his plant has found "greener pastures" in Chesapeake and Ohio Land! By first-hand investigation, one after another has proved to his own satisfaction that nature has endowed this territory with far richer resources—that things not only look better but actually are superior!

Compare these advantages yourself! In Chesapeake and Ohio Land

tremendous sources of basic raw materials are right at hand together with ample supplies of coal, gas and oil. Power costs are low—and American-born labor abundant. In addition, this territory boasts the finest transportation facilities in the world!

Let George D. Moffett, Chesapeake and Ohio Industrial Commissioner, arrange a personal tour of inspection for you. Address your request to him at Huntington, West Virginia.



George Washington's Railroad
CHESAPEAKE and OHIO
Lines

Original Predecessor Company Founded by George Washington in 1785

moter could tell the boys at a price. Certainly he would not overlook the regional and district opportunities to pump up interest and seine in memberships. In these days of deafening competitive propaganda, no cause is well served without a high-power publicity staff. Congress, the boys will discover, is never expected to say, "Don't shout, I hear you perfectly." But once the academic idea really gets going, it will seem no novelty if the Communists organize a Daughters of the Imminent Revolution.

Selling the alphabet short

WISE the man who knows his political A B C's in these campaigning times. Hard worked as the alphabet has been, it can still yield new combinations with enough novelty to stump the Supreme Court. Defense of Louisiana's state oil tax turned up a trinity new in Washington. A fast talking assistant state attorney general rattled off the letters "B S and W" several times. They were too much for Chief Justice Hughes.

"Just what do you mean?" he asked the lawyer.

"Basic sedimentation and water deduction from crude oil," came the answer. Whether the trend toward abbreviation defines an increase of pressure on the nation's time is a question for the court of public opinion. Certainly it takes no partisan to view it as a tendency to sell the alphabet short.

Secession solves relief

SECESSION, drastic as it is, has a virtue all its own, by report of a Michigan unit of government. The Huron Township Board, which withdrew from the Wayne County Welfare Relief Administration with the assertion, "We'll take care of ourselves," in one month cut its relief costs from \$591 to \$201.

"There is no coddling around here," said Otto Koster, supervisor. "Oscar Burns, the clerk, and I do the investigating and we use common sense. We gave them what they needed, and a few got enough pep to do some odd jobs and get some money for the other things. When it gets summer we are going to put some of those fellows who say they can't get jobs on some cordwood in the brush."—A way of revising the proverb to belief that one in the bush is worth two on the handout?

Vermont rejects a gift

VERMONTERS by a referendum vote of 43,090 to 31,101 have again turned down the proposal for a so-called Green Mountain Parkway to

be built with \$18,000,000 of federal money. State wide balloting was decided after the project failed to pass both houses of the Legislature. Advocates argued that a new through highway would attract a large volume of tourists with increased spending along the way. Opponents contended that the cutting of a thousand foot swath from the Massachusetts line to the Canadian border would destroy one of the chief charms of their countryside, that many regular summer residents would be driven out, that no sizable financial return would be realized.

That nature lovers should see in the referendum result a victory for their cause is understandable enough. Whether or not their rejoicing is premature by reason of the fact that a referendum vote does not bind the legislature time will tell. That the issue has aspects broader than the preservation of beauty, the record of public receptivity to federal handouts all too convincingly suggests. It may be giving those dissenting Vermonters no more than their due to read into their denial a recognition that "easy money" always drives a hard bargain in taking toll of things that are priceless.

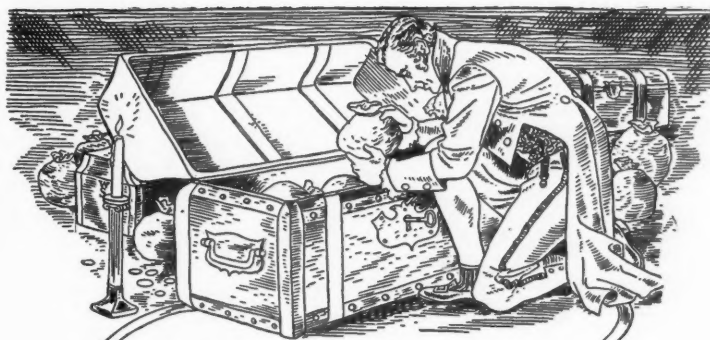
Migrations of business

NEW YORK CITY'S worry about her loss of business firms is shared by cities the country over. It is an anxiety distinguished with dimension rather than with subject matter. Published estimates that in two years more than 7,000 manufacturers have departed are viewed locally as too high. Whatever the figure, observers are sure that there has been enough loss to the city's tax roll, to real estate interests in rents, and to railroads in freight revenue to make it apparent that injurious conditions do exist.

A survey is concentrating on the causes. Several are readily brought to view: Cost of real estate, high rents for business purposes, restricted zoning, traffic congestion in districts best adapted to manufacturing, high *per capita* taxation.

Recurrence of strikes and lockouts adds its own premium to the cost of doing business, as witness the recent strike of building service operatives.

That trade supremacy is a natural expectation of the nation's biggest city can be logically argued. That size intensifies disturbing and dislocating forces is as reasonable a conclusion. Were the uprooting of a business the complete solution of local difficulties, moving would define an inviting economic gain. New Yorkers doubt there is any advantage in leav-



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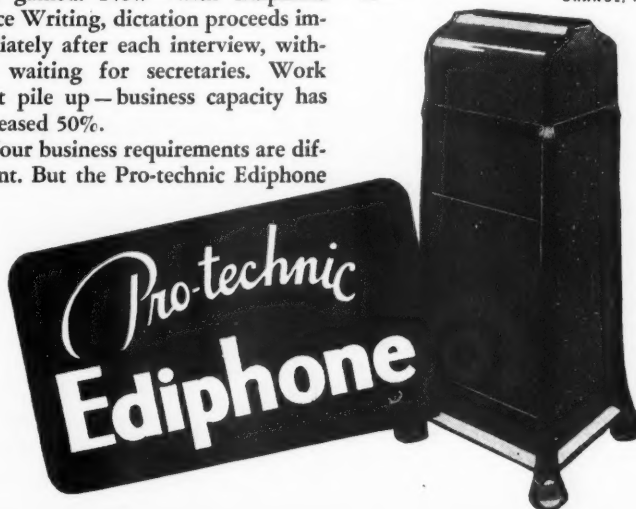
One bank reports that before Voice Writing was installed in its Real Estate Loan Department, dictating had continued as late as midnight. Property-owners would come in during the day and interviewers would scribble notes, but secretaries weren't always available to take the information gained. Now—with Ediphone Voice Writing, dictation proceeds immediately after each interview, without waiting for secretaries. Work can't pile up—business capacity has increased 50%.

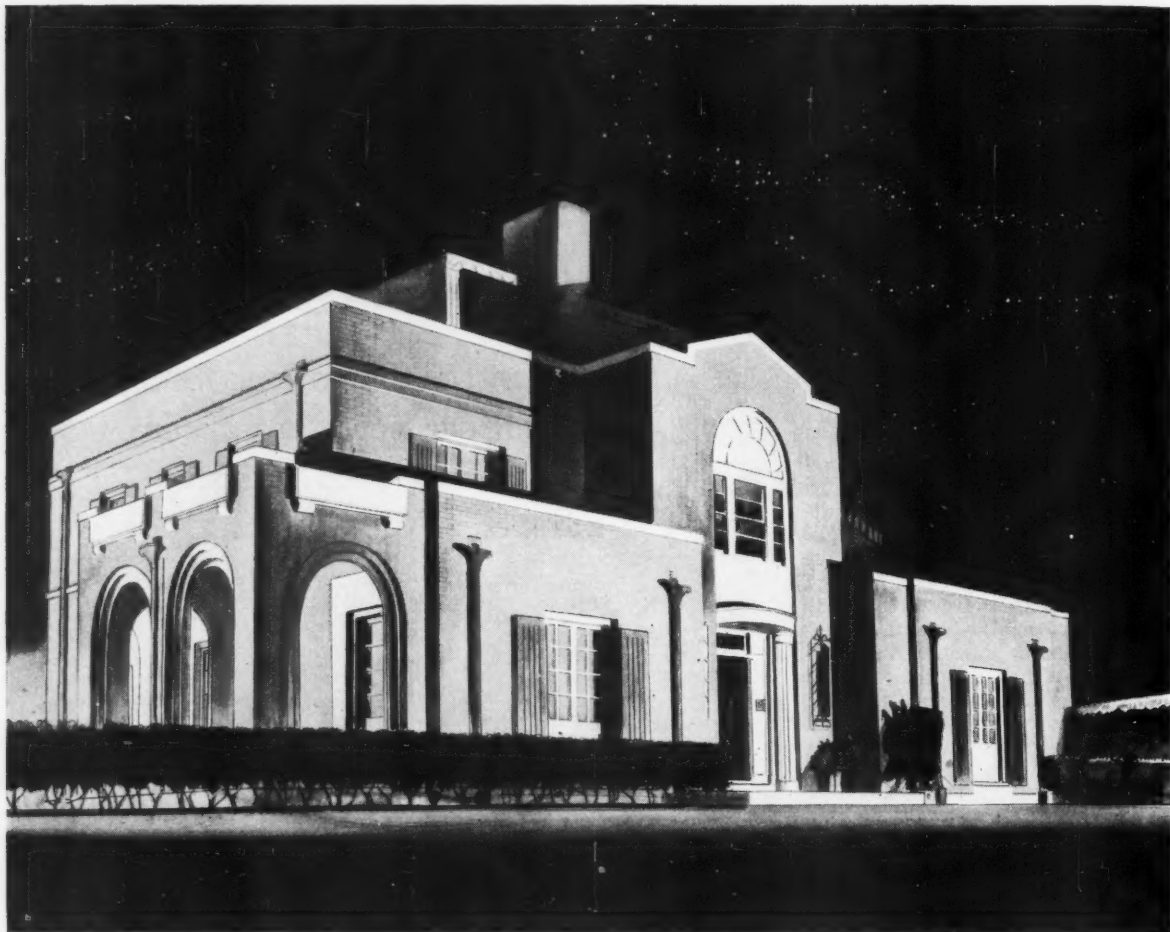
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Completely air-conditioned... Illuminated with all the practical artistry of modern light... Equipped with the most modern electrical appliances... Here is a home in which

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Built as a research laboratory for trying out new and advanced ideas, the "Home of Tomorrow" achieved national renown as the latest word in the application of electricity to household needs. Operated today as the "Home of Tomorrow" Institute its facilities are devoted to training home economists, and those in allied professions, whose



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daily responsibility is to spread knowledge of the easy electrical way of doing things.

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50 YEARS OF ACHIEVEMENT



ing the metropolis for distant fields—"many concerns which have gone elsewhere in search of better working conditions have found themselves no better off than before, and have had to move their plants back at heavy expense."

Possibly the returning prodigals will charge off their travel expense to the discovery that there is no monopoly of industrial advantage. Good management, whatever its locale, equalizes odds, and edges its competition with imagination and resourcefulness.

A thought for June graduates

BACK of every business is a simple idea. How the railway express business grew from a carpet bag is a case in point. It begins with William F. Harnden, a New England railroad conductor. In 1839 he offered to carry packages for business men in New York and Boston. Travel was arduous and uncertain. Using his carpet bag, Harnden made the trip daily by stagecoach, steamboat, carriage and train, and eventually established what became the world's first express company.

His venture was opportune. The young nation was growing rapidly. Railroads were pushing westward. Transportation for men and goods was a need of the times. Harnden's carpet bag grew into a national network of express services. Railway Express Agency, created in March, 1929, as the express operating unit of the railroads, succeeded to the unified group which in the World War years took over the old companies, some of which were organized in Harnden's day. Shipments in 1935 amounted to 117,000,000 packages. Now the service includes a nationwide, expedited transportation system serving 23,000 cities and towns, operating over 225,000 miles of railway and 28,777 miles of air lines. Through the recent unification of 23 domestic air lines with Railway Express, and arrangement with Pan American Airways covering South America, the service comprehends the rail and air express business of two continents.

To the 250,000 men and their families who get their livelihood directly or indirectly from the Railway Express service the story of the magic carpet bag is no fairy tale.

Words for everybody

AS every citizen who has lent an ear well knows, the chief industry of Washington is word making. One aspect of the local output has been publicly itemized by Representative Lambeth, Chairman of the House

Committee on Printing. And what repository could be more receptive to his details than the *Congressional Record*, at once the epitome and the epitaph of courses in public speaking?

Let those who take the literary gifts of government lightly attend his review of the Government Printing Office report for the fiscal year ending June 30, 1935:

Ems of type set	2,241,746,000
Book pages printed	2,361,459
Actual press impressions	984,590,000
Postal cards printed	1,857,152,220
Money-order forms printed	228,187,000
Copies of job-work	4,847,444,000
Publications distributed	428,950,907
Charges for completed work	\$16,465,431

By way of comment, Representative Lambeth adds that the Office is now carrying a load approximately 25 per cent greater than that carried during the war period. For example, "there has been an increase of 863,359 in the number of book pages printed, an increase of 103,907,000 actual press impressions, an increase of 705,165,220 in the number of postal cards printed, 87,308,000 more money-order forms printed, 1,174,522,000 more copies of job work, and a jump in the number of publications distributed from 55,001,603 in 1918 to 428,950,907 in 1935."

Whether the Government Printing Office is more burdened than the taxpayers who must ultimately foot the year's bill is a question which oratory, as always, leaves unanswered.

Accounting of stewardship

IT was no reporter of the Roman Senate who asked, "On what meat doth this our Caesar feed that he is grown so great?" But it is Col. Edwin A. Halsey, secretary of the Senate of the United States, who reports that in the last fiscal year the Senators drank \$7,000 worth of mineral water. To get it down, \$670 was spent for paper cups.

Then, there is the item of \$2 to buy two ties for Mr. Garner's chauffeur, and \$2.98 for cheese cloth and polish to keep the vice presidential chariot gleaming.

Whatever the evaluation of talk on the floor, it ran into money in telephone conversations—\$2,000 to \$3,000 a month.

Tempers, the report reveals, were cooled with tons of ice, the monthly bill ranging from one hundred to several hundred dollars. An item of \$31.98 for "laundering 5,814 towels for the U. S. Senate" appeared again and again. Possibly it argues that Senatorial muckraking is hard on the hands. Just as likely it is related to that old political custom of washing dirty linen in public.

For EVERY BUSINESS

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AMAZING ELECTRIC
TIME CLOCK
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Here's a new electric time recorder that possesses the advantages of previous recorders *plus*.

The new Stromberg Time Recorder is operated with one hand and is less than one-fourth the size of other recorders. It is of rugged construction and can be plugged into an A.C. electric light socket (or may be used with a control clock). Full-size type and time cards used. And it sells for less than half previous prices!

Here is just the recorder to provide the record of employment required by the Social Security Act. Why spend money for expensive repairs on an old-style recorder when the cost of those repairs, *plus the trade-in allowance on the old recorder*, may practically, if not entirely, pay for this new and modern recorder. Write today for free booklet.

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Please send me illustrated booklet, new Stromberg Recorder, Model No. 15. No obligation.
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Calling all cars!

...AND ALL PARENTS TOO

LISTEN: for the sake of the family's safety let's have those new Goodyear Double Eagle Airwheels* and LifeGuard* Tubes under us from now on. My daddy says he wouldn't be without them for a million dollars—not only because they're light-footed and easy-rolling and cool-running and sure-gripping—but because they end the dreadful danger of blowouts for good and all. Even mama doesn't worry in the back seat when we go fast now.

"THEIR MISSION IS NOT TO SAVE MONEY BUT TO SAVE LIFE"

EIGHT STANDOUT FEATURES

which lift the new Double Eagle Airwheel above any tire Goodyear ever built*

- 1 The finest, safest, handsomest, longest-mileage tire that we have ever built.
- 2 Best-proved non-skid tread pattern in the world, made more efficient.
- 3 Tougher rubber, slotted 15% deeper to give many more miles of the Goodyear Margin of Safety for quickest stopping.
- 4 Built throughout of special new heat-fighting compound that frees high-speed travel from tread-throwing risk.
- 5 Extra rubber "float" for every ply, new "rubber-rivet" breaker-strip anchorage, stronger bead.
- 6 Supertwist cord in every ply to guard against blowouts or bruises.
- 7 Flexible, easy-rolling casing without the tread stiffness common to heavy tires.
- 8 Built to strictest specifications in industry, in materials, workmanship, balance and inspection.

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MORE PEOPLE RIDE ON
GOODYEAR TIRES THAN
ON ANY OTHER KIND

GOODYEAR



NATION'S BUSINESS

★
A MAGAZINE
FOR
BUSINESS MEN
★

When a Tradition Needs a Friend

EVERY industry, every business, has to contend with misunderstandings on the part of the public it seeks to serve. Are you the manager of a manufacturing plant, a transportation system? Are you connected with a bank or insurance company? Do you work for a public utility, or are you a retailer? Then you contend daily with some fallacy people have connected with your operation.

Business has neglected to describe and explain its social and economic usefulness. Misunderstanding, which leads to suspicion, abuse and blind reprisal, is borne in silence during good times as a part of the game. But how great the cost of passivity when hard times come! For then all the croaking raven flock of fallacies becomes the basis for legislative and regulative bedevilment. No matter if the abuse complained of is only one-hundredth of one per cent of the industry's operation, the whole industry must pay the price.

Once a business fiction, born of half-truth or misconception, takes off from a mental catapult, it requires more than the force of gravity to bring it to earth. Business only rallies its truths when a crisis impends, and when it is too late. It overlooks opportunity and occasion for the exercise of a preventive evangelism. The steady, long pull iteration of its worth calls for as much diligence as devotion.

Day in, day out, over and over, the misconceptions about trade and industry are broadcast. They are heard in stores, in offices, in factories, in taxicabs, in eating places, on the streets, in family circles, in hotel lobbies and in club rooms, wherever men—and women—take time to tell what's on their minds and discuss what sort of deal they think they are getting from life.

These fallacious ideas pass current wherever opinions are expressed or views are exchanged. They come to light in publications as sophisticated as the glossy paper on which they are

printed. They make golden texts for the pulp periodicals and lively controversy for the "masses." They are the meat on which our politicians feed. They are the stuff on which demagogues thrive.

Half-baked popular notions hurt business and impair the public's confidence in it. They restrict markets. They prompt governmental interference, political agitation, and give rise to new taxes. They limit business progress and opportunity. The high cost of this pervasive economic illiteracy comes directly home to business and affects the living and working of the lowliest citizen.

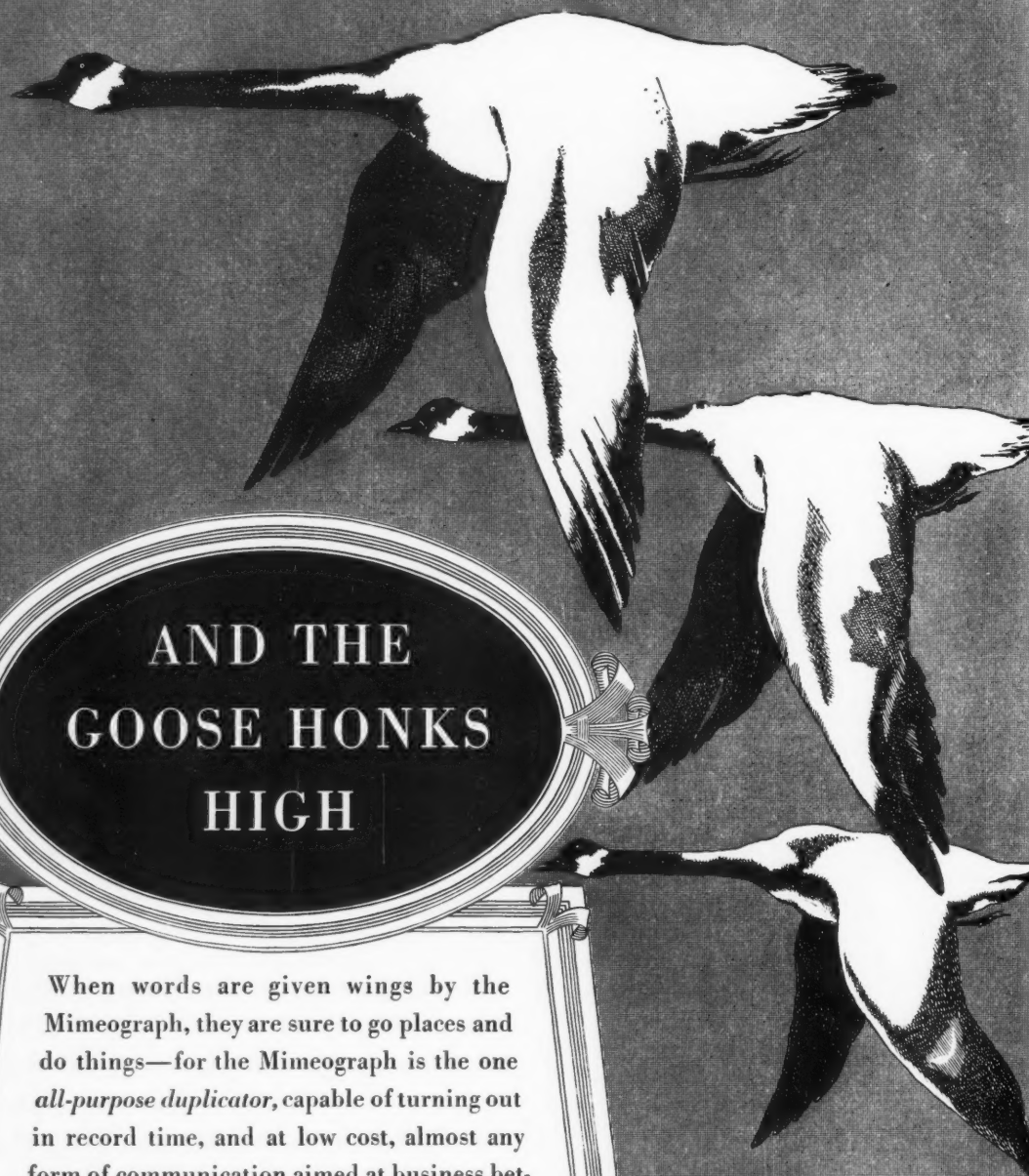
Twenty-five years ago we were characterized as a nation of economic illiterates. While practical business men increased their activity in making customers, fireside critics of business started in to make friends for their pet theories of business management by government. Radio and rotogravure and news reels, the products of business at work, were drafted to preach faulty premises and falser conclusions. The nation awoke in 1930 cursed, not with the economic ignorance of 1900, but, as Josh Billings put it, with something worse, a greater knowledge "of things that ain't so."

A national political campaign approaches. New causes and crusades impend—"issues" to appeal to a state of mind, unholy class interest—made possible by sinister thinking about business.

Is it too late to re-educate? Is our business life to lack "all interpreter"?

The answer gets right down to the individual business man. Will he make the personal effort to correct muddy and mendacious thinking in his own circle of influence? If he does not, business will get a permanent set-back, and, more important, the American tradition will, by default, die a humiliating death.

Merce Thorne



AND THE GOOSE HONKS HIGH

When words are given wings by the Mimeograph, they are sure to go places and do things—for the Mimeograph is the one *all-purpose duplicator*, capable of turning out in record time, and at low cost, almost any form of communication aimed at business betterment. It is this all-purpose duplicator, with its complete and nation-wide service equipment, that has been an important factor in many a present business upswing. For latest particulars, write A. B. Dick Company, Chicago, or see your classified telephone book for local address.

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NATION'S BUSINESS

May • 1936



What Workers Need to Know

By THOMAS NIXON CARVER

Professor of Political Economy, Emeritus, Harvard University

SOONER or later, as events are shaping themselves, every one will have to choose between a system of freedom and a system of coercion. Here are some facts to consider in choosing

OUR economic system is essentially a system based on contract or voluntary agreement among free citizens. Its opposite is a militaristic system, based on commands and obedience. Under our system men are permitted to own things, and to buy and sell them. Consequently there are competitive markets, prices and other things associated with contract or voluntary agreement. Under its opposite, men are not permitted to own things, or to buy and sell them; consequently, instead of markets and competitive prices, there are commissariats and rations:

Under our system you must either produce what you want yourself or get it from some one else with his consent. Under its opposite, you are not permitted to own what you produce, and you get what you want with the consent of some government official. You gain that consent, not by producing something, but by behaving toward his government or his candidacy as he wants you to behave.

Under our system, a few work for the government, drawing their income from the public treasury which is fed with taxes upon private industry. The great majority either run businesses which they own, or work for other private citizens who own and run businesses. Under its opposite, there are no privately owned businesses. Consequently every one

has to work for the government and draw his income from a public treasury which cannot be fed by taxes because there are no private industries to tax.

Of course, attempts are made to create hybrid economic systems that are a cross between the two. Such systems, however, tend in the long run to revert to one or the other of the parent types.

Men of vision, foresight and initiative universally prefer the system of contract or voluntary agreement, at least for themselves. They prefer to work on their own initiative and they prize freedom of initiative as one of the best things in life. But how about

the rest of the population who have no vision, foresight or initiative?

Enemies of our system are trying to convince the great mass of employed persons that this freedom of initiative means little to them. There are, however, strong reasons why the great mass of employed persons should be interested in the preservation of freedom of initiative.

Where freedom of enterprise is repressed or seriously interfered with, there will be less industrial expansion than where enterprise is free. Where there is little industrial expansion, there will be little demand for labor. Where there is little demand for labor there will be low wages, un-



CHARLES DUNN

The logical result of regimentation is despotism under which fear of the firing squad is the spur to industry



Our system has already shown that it can do more for the masses than any other. Science and mechanical arts have developed rapidly

employment and poverty for the wage workers.

The man who would willingly trade away his freedom of enterprise in return for a full belly should remember that those who have initiative cannot advance alone. No man can grow rich building automobiles, for instance, without making jobs for mechanics, filling station attendants, real estate owners, road builders, oil field operators and countless others. Thus the non-thinking members of society actually have fuller bellies than they would have under a system where, because thinking was restricted, science and industry could not advance.

For this reason, any attack which cripples private enterprise or wears it down by placing heavier and heavier burdens upon it is also an attack on wage-earners. It is also the most dangerous—because it is subtle—attack on our system of voluntary contract. This method of attrition will cause industry to shrink, rather than expand. Then enemies of our system will accuse it of being unable to employ all who apply. This will then be made an excuse for government industries. These government industries will pay no taxes but will tax privately-owned industries and still further reduce

their capacity to employ workers. These machinations will cripple private enterprises more and more until, eventually, no private enterprise will be left to tax. This will force the Government to find employment for everybody, with politicians in control of all our industries, with every important position a political position, with political activity the only avenue to advancement and with greatly intensified political competition.

Of course, enemies of our system tell the masses that they would be just as free working for the Government as for a private corporation. They proclaim that the present employees of the Government—in the post office, the navy yard, the reclamation service, and the various alphabetical services—are, to all intent and purpose, as free as the employees of industrial corporations.

Government lives on taxes

THEY do not tell the workers, however, that these government enterprises are not self-supporting, but supported in whole or in part by taxes paid by private industry. They do not point out that, if the Post Office had to pay all its own costs, its employees

would have to be content with much less than they now receive, or else it would have to charge more than it now charges for carrying mail.

But, even if workers had no personal interest in what happened to industry, they would still be wise to fight against oppressive measures because liberty is never safe except where the average man resents every oppressive act of government whether it affects him directly or not.

When no one resents government interference except when it interferes with his own private or personal affairs there is no check on the encroachments of government. Minorities are helpless when majorities lose interest in liberty as a principle of universal application. When the people take this attitude, the Government can begin whittling away liberties by degrees. Each particular encroachment may affect directly only a minority. If the majority remains indifferent, a dictator can oppress one minority after another and thus establish his authority over the whole country. The logical result is despotism under which the fear of the firing squad rather than the hope of gain will become the chief motive in industrial action.

Voluntary regimentation

SUCH regimentation is necessary in time of war. It is not necessary in the peaceful business of exchanging goods and services. Of course, in business we must have organization. There must be schedules, time clocks and fairly regular habits. But this kind of regimentation is voluntary—not coercive—and therefore bearable.

The sum and substance of the matter is that the real issue is between freedom and coercion. It is not between communism and capitalism because there is no conflict between voluntary communism and capitalism. Both leave men free to choose which they like. The conflict is between a system which leaves men free to organize a communistic or a capitalistic group, according to their preferences, and a system which leaves them no choice, but forces them into a form of organization which many do not like.

The conflict is not between regimentation and a carefree Bohemian existence, but between a system which permits both, and another which coerces every one into a rigid militaristic form of regimentation. Sooner or later as events are shaping themselves every one will be compelled to decide whether he is for a system of freedom or a system of coercion. Between a voluntary system and a coercive system there is an

(Continued on page 68)

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Washington and Your Business

By IRA E. BENNETT, for 25 years Editor, "The Washington Post"

Dear Mac: Yes, the United States is just one big question mark. You ask the question that everybody, including the President, is asking:

Will Franklin D. Roosevelt be reelected?

You say you can't plan very well until you know how the cat will jump in November. Again you speak for everybody—the little man and the big man—all business. We're all geared to the Government—and Government nowadays means "the President."

The people themselves concentrate power in the President. They expect him to be a superman, and when he falls short they blame him. In odd moments you might ponder the wisdom of piling too much upon one man. Years ago wise men deprecated the growing tendency to shift power to the President, but the people went right ahead. Now, if things go wrong, why don't they blame themselves a little?

When I criticize Senators and Representatives for lack of initiative and independence I get this answer frequently:

"The people themselves expect Congress to follow the leadership of the President."

If I retort, "Yes, but they don't expect you to obey orders from irresponsible underlings," they reply: "Oh, tommyrot! We know when an underling speaks with authority and when he doesn't."

So it simmers down to this: The future of your business and all business depends upon the man who is elected President next November.

Take Aim, Fire!

IN six weeks the question will be framed a little differently. The G.O.P. will have put forth a man and a platform. Both will be shot at. All the fire will not be directed

at the New Deal, as now.

Some people tell me, "Well, the New Deal has one advantage. It has gone through the fire of criticism, and we know the worst as well as the best. The opposition candidate still faces his baptism of fire."

But I find some critics who reply, "No, you don't know the worst. All the cards haven't been dealt in the New Deal. That's why business and industry are in doubt. The faults of relief spending and AAA checks and debts and taxes are coming to light, but there's more to come. The public debt goes up to \$34,500,000,000 by next June, and unemployment is as bad as ever. The election may hinge, not on the Republican platform and candidate, but on whether the people have decided that the New Deal must go. If the voters are dissatisfied and afraid of still worse conditions under the New Deal, look out for a change."

The New Tax Bill

I WISH I could give you a line on the new tax bill as you request. Nobody yet knows how it will be changed. The House hearings developed more darkness than light. It

seems certain that the Senate will make radical changes, but you must remember that the glamor of taxing undistributed corporate surpluses is mighty alluring to

Congressmen who are eager to sidestep direct taxes on the people. As the proposition stands, surpluses already accumulated are exempt. Big corporations with large reserves can go ahead for awhile on present surplus. But the moderate-sized or small concern, dependent on current earnings for its growth, will face a killing tax. It must distribute its earnings. How can it grow? And if it doesn't grow, it dies—which will mean more unemployment, bigger relief expense, bloated deficit, heavier taxes, more people busted and put on relief—a vicious circle.

A publisher said to me:

Suppose I want to renew and enlarge my plant. I think an expenditure of \$150,000 would be wise. I'd rather pay cash than give notes. I can save money that way. Am I to be prevented from using my business judgment, my management sense?

He might have added that his plan would be one way of adding to the reemployment that the Administration so ardently desires and it wouldn't be "made work"—"boondoggling."

Another said:

I know a concern that will have to spend a million to repair flood damage. Fortunately it has the money. Will this new tax project prevent it from putting away some money for another unforeseeable mishap?

Hope I haven't bored you, but this tax is important to every business man. Don't forget that probably 90 per cent of the business of this country is done by corporations. If you leave out such services as law, medicine, stock exchange dealing, etc., the figure would be more than 95. It isn't a few big corporations that do the "business" of this country, it's 400,000 or more little ones. [See page 50 for further comments on the tax proposal.]

Abuses in Relief

WHAT you say about relief abuses in your state can be duplicated everywhere—frauds, politicians putting themselves and their friends in soft jobs, money wasted.

You ask, "What is Washington going to do about it?" Well, so far as I can find out, Washington will keep right on, trusting in God and/or Harry Hopkins.

Key men on the Hill tell me, "We've got to appropriate more money for relief. The President says it must be \$1,500,000,000 and that Harry Hopkins must do the spending. We'll have to take that figure. We can't dictate to the President as to his choice of spending agents."

Of course, Senators and Representatives are worried. They are receiving kicks and demands for an investigation from back home. Their rivals are telling the voters that the men in Congress are "in on the deal." Yet the leaders don't want an investigation. It would give too big an opening for political enemies.

Examination of Harry Hopkins was behind closed doors in House committee. Leaks disclosed that committeemen tried to pin Hopkins down to specific items. They objected to giving him a lump sum of \$1,500,000,000—wanted to earmark it. They succeeded in having some items earmarked, but Hopkins persuaded them to give him about a third of the amount to spend as he thinks best. Looks like fireworks in the Senate on this point.

Queer doings in relief circles. There was the New Jersey fellow on relief, who was caught with illegal license plates on his automobile (yes, many relief "clients" own automobiles) and given the choice of a \$50 fine or 60 days in jail. He chose jail. While there he received two relief checks for \$24.50 each, but rather than pay his fine he decided to stay in jail.

Then that couple in Sheepshead Bay, receiving \$5.10 a week in relief. They bought a ticket in the Irish Sweepstakes and pulled down a prize of \$3,570.

The Maryland commission investigating relief reports that "it's a permanent institution," with salaries aggregating \$1,000,000. Uncle Sam financed Maryland relief to the extent of 75 per cent. Commission found that 571 relievers owned real estate; 197 owned automobiles; 220 spent relief money for immoral purposes; 155 had sufficient income of their own—and so on.

General opinion here is that abuses in relief will become a campaign issue. You can size up this opinion by conditions in your own state. Multiply them by 48.

Here's a possible slant: A California concern sounded out 9,000 people on relief—"What do you think of the New Deal?" One-third said it was O.K. One-third on the fence—"Maybe we might get something worse." One-third against the New Deal. Result: The concern credited two-thirds of the relief vote to the New Deal.

Big AAA Checks

ANTI-New Dealers make much of big checks paid out to corporations, prisons, and individuals for reducing wheat, hog and cotton production. You've seen the few items that have been made public—a lot remains confidential.

A Texas planter, worth at least \$4,000,000, told me that he had received "approximately" \$25,000 in benefit checks. He said, "I'd have been a fool not to take it, when everybody else was. But I know it's wrong."

Back of the rumpus over huge AAA checks the critics aim at two targets. First, they hope to stir up resentment among the farmers by showing favoritism and discrimination. Second, they hope to convince the country that the Administration is playing one class against another—catering to the "farmer-labor" vote and using public money to do it.

Here's a sample of what I hear:

Wallace, Tugwell and the other New Dealers harp on the iniquity of "enemies" of the farmer and the worker. Class feeling is stirred up by exploiting salaries paid to executives in industry. Committees of Congress pry into private telegrams, rake over income-tax returns, and otherwise invade private rights. But Wallace objects to making public the names of those who received big AAA checks. It would embarrass them, it's unfair, it's in violation of a confidential relationship. He's mighty touchy about the rights of some citizens—but how about the rights of others? Why don't the New Deal lobby committees investigate farm lobbies and labor lobbies?

"Search and Seizure"

"LOBBYING" is a mighty elastic word. It can be applied to anybody who favors or opposes anything that Congress may do or refuse to do. The present idea seems to be that anybody who criticizes the New Deal is a wicked lobbyist. You've seen how agents of the Communications Commission and the Senate lobby committee raked over telegrams without first obtaining a search warrant or subpoena. A District of Columbia judge refuses to enjoin the Senate Committee, saying he has no jurisdiction; but he will enjoin the Communications Commission if it tries to repeat the offense. That doesn't satisfy the plaintiff, who carries the matter further up.

Meantime you may have noticed that the Supreme Court called down the Securities Commission for trying to snoop into a citizen's affairs after it had lost jurisdiction—the assumption being, of course, that he was

guilty of something. In its rebuke the Court utters a warning that every government bureau and legislative committee might take to heart. In his prevailing opinion, Justice Sutherland said:

The action of the Commission violates the cardinal precept upon which the constitutional safeguards of personal liberty ultimately rest—that this shall be a government of laws—because to the precise extent that the mere will of an official or an official body is permitted to take the place of allowable official discretion or to supplant the standing law as a rule of human conduct, the government ceases to be one of laws and becomes an autocracy.

In other words, there is still a barrier against the encroachments of bureaucracy.

Another hopeful phrase occurs in Chief Justice Hughes' ruling in the Sugar Institute case:

Voluntary action to end abuses and to foster fair competitive opportunities in the public interest may be more effective than legal processes.

A Flood in Congress

RECENT floods provided a good excuse for starting a great flood-control bill through Congress. The bill was modest enough at first—only \$300,000,000—but, as lawmakers saw their opportunity, additions threatened to swamp the Treasury. The President heard of this and sent word from his fishing boat that he would like to have a conference before Congress acted.

Passage of such a swollen bill would demoralize the budget! Besides, the \$1,500,000,000 relief bill has not gone through yet and that's a must.

Legislative Possibilities

CERTAIN measures now in Congress seem to be sticking their heads a little above the surface.

Two of them, the Robinson-Patman and the Walsh or Healey bill, definitely restrict business.

I doubt if they will be passed but anything may happen in the hectic days of a closing Congress. If they don't they'll be reintroduced in the new Congress.

The present session hesitates to pass highly controversial measures such as these, but, once they reach the floor, the individual member may be reluctant to vote against either one. Moreover, administration pressure may play a tremendous part.

The Robinson-Patman bill is antichain store. It aims to prevent price discriminations to quantity buyers. The Walsh or Healey bill is an effort to create a new kind of NRA. In all contracts with the Government the contractor must live up to wages and hours fixed by the Secretary of Labor. House members opposed this bill and the Judiciary Committee pigeon-holed it. A subcommittee has revised it, but its essential features are intact. It may not be reported, but, if it is, it is likely to pass.

Some opponents of the Healey bill were surprised to find, lined up with them, the milk and ice cream folks. These groups sell to CCC camps.

Housing

I DON'T believe the Wagner bill for a long-term federal housing project will pass at this session. It proposes that the federal Government definitely subsidize housing for the lower income classes. The man who earns say \$1,000 a year may look to Government to pay part of his rent.

Meanwhile, The Home Owners' Loan Corporation (John H. Fahey) and the Federal Housing Administration (Stewart McDonald) have been making somewhat competitive bids to keep their agencies going. McDonald wants to insure loans for home owners up to 90 per cent. It is now 80. Fahey suggests that the Government go into second mortgage loans at a low interest rate. Neither project will be adopted. The two are bluffing

each other. One may question whether Mr. McDonald really believes that a loan up to 90 per cent can be safely insured. Fahey, with his inbred New England caution, must hesitate to put the federal Government into the second mortgage business.

The real threat is the Wagner idea of a permanent housing subsidy. It will find strong opposition in local real estate men and lending agencies.

A Builder's Story

A WASHINGTON builder of cheap homes had four good prospects—steady men who thought of buying his houses—\$30 a month and own your own home. But three of 'em heard that Uncle Sam might build houses and give the buyers 60 years' time to pay, at three per cent, so they said "they guessed they'd wait." "That fixes me," says the builder; "I can't buck that game."

Long Shots in the Race

LESS likely to pass are the Black-Connery 30 hour bill (a union labor measure but there are other things of which they are more hopeful); the O'Mahoney bill requiring a federal license to do business in interstate commerce (too extreme for the moment), the Ellenbogen bill for a National Textile Commission (if the Guffey bill should get by the Supreme Court, this and kindred measures would wake up); the Wheeler bill to enlarge the powers of the Federal Trade Commission and the Wheeler Utterback antibasing point bill (these are more or less linked with the Robinson-Patman bill).

The Long and Short Haul Bill

ONE bill that may possibly pass doesn't restrict business. That's the bill abolishing the long and short haul provision of the ICC Act. It permits the railroads to charge the same or less for a long haul than for a short. The railroads think it would be a tremendous boon. Their grievance is that they send empty cars to the Pacific Coast to bring them back full of perishable freight while the steamship lines carry the manufactured goods of the Atlantic around through the Canal. Naturally some shipping interests and some of the intermountain states don't like to see freight carried to San Francisco cheaper than to Spokane or Salt Lake. If the bill dies, it will be the Senate that kills it.

Back of all Legislation

THROUGH the whole pattern of legislation being pressed on Congress runs the desire to strengthen the Government's control over business. The proposed tax on corporation profits is far more than a means of raising money; it's a method of checking corporation growth. I told you that last month and it is becoming plainer every day. The corporation says:

But we need a surplus to meet future depressions, to keep men at work on tasks not immediately profitable, to carry out our pension system, to continue dividends, to plan future expansion.

Government answers:

We have set up a plan, nation-wide, of federal insurance for unemployment, for old age relief. As for future expansion, how do we know that such expansion is needed? It may well be that no more plant capacity is needed in your industry.

Is This a Threat?

If you think that is fantastic read again the President's message asking \$1,500,000,000 for relief. Here are a few sentences:

Under the National Recovery Administration, the nation learned the value of shorter hours in

their application to a whole industry. In almost every case, the shorter hours were approved by the great majority of individual operators within the industry. . . . But the public authority to require the shorter hours agreed upon has been seriously curtailed by limitation recently imposed by the Supreme Court upon federal as well as state powers.

And then the last paragraph:

Those who believe that government may be compelled to assume greater responsibilities in the operation of our industrial system can make no valid objection to a renewed effort of the private enterprise to insure a livelihood to all willing workers. Those on the other hand who believe in complete freedom of private control without any government participation should earnestly undertake to demonstrate their effectiveness by increasing employment.

Sounds a little like a threat, doesn't it? If you don't show what you can do, the Government will show what it can do.

A student of business and business statistics says that the President might be answered that, between 1932 and the end of 1935, private enterprise did put 5,500,000 persons back at work and, with reasonable freedom, would reemploy 3,500,000 more in the next year and a half.

"Maybe You're Right"

A NEW ENGLAND senator received a red-hot letter from a Townsendite demanding immediate support of \$200 a month pension for 60-year-olds.

He put this Yankee question:

If you had a shiftless neighbor who wouldn't work, squandered his substance, never educated his children, and then expected \$200 a month on an equality with thrifty and hard-working people, what would you do?

Answer from the Townsendite:

I hadn't thought of that. Maybe you're right in looking into this thing.

Courage and Foresight

REMEMBER, Mac, how we used to boast of the courage and foresight of American industrial leaders, who helped to make this the greatest country on earth? It seems now that frank public-spirited opinions by qualified men offend New Dealers. Recently Alfred P. Sloan, President of General Motors, reported to stockholders that some features of the New Deal had definitely postponed recovery. He gave valuable hints that should have been appreciated. Instead, he was belabored and charged with ingratitude because, New Dealers claimed, the New Deal had improved conditions so that General Motors made a better showing in 1935 than at any time since 1929. I've heard caustic comments on that attack upon Sloan. Men in Congress applaud him for courage and foresight in telling the truth and contributing to national common sense.

Along the Potomac

THE impeachment trial prevented certain senators from delivering political speeches—but the *Record* carries a lot of House speeches that were never delivered. . . . Hot fight in prospect over proposed repeal by the House of law forbidding teaching of Communism in District of Columbia. . . . Massachusetts has just re-enacted such a law. . . . A New Dealer proposes government control of movies. . . . Supreme Court holds that radio broadcasting is interstate commerce. . . . Lots of applications for patents on television variations. . . . Library of Congress has an old Peruvian document—a tailor's bill against Hernando de Soto. . . . St. Lawrence waterway treaty expected to bob up next winter. . . . New York commercial interests will fight it. . . . Big increase in butter imports—a jump

(Continued on page 93)

Japan's



Japan offers a diversified list of relatively cheap goods

EWING GALLOWAY

ONE of the most striking developments in the field of international commerce since the depression has been the increase in Japan's foreign trade.

Whether measured in terms of the Japanese yen or in quantity, both exports and imports in 1934 were well above 1929 levels, while, on a gold basis, Japan had increased her share of world import trade from 2.80 per cent to 3.31 per cent, and of world export trade from 2.93 per cent to 3.32 per cent. In the past year, still further gains were registered and, with imports valued at 2,566,762,000 yen and exports at 2,547,615,000 yen, foreign trade was even greater than in the previous record year of 1925. The penetration of Japanese goods into new markets and their successful competition with the products of other exporting nations have aroused widespread interest—in some quarters decided concern.

From the point of view of American industry, this expansion of Japanese trade may be viewed from two distinct angles. In certain manufactures, notably cotton textiles, the increased sale of Japanese products constitutes a threat to both the domestic and the foreign markets of American producers. On the other hand, a concomitant of rising Japanese exports has been an increased demand for imports, which has substantially increased the important Japanese market for American goods.

Japanese trade expansion has been primarily due to three causes: the depreciation of the yen, low labor costs, and a national program for industrial efficiency which is referred to as rationalization. To ascribe to any one of these factors, or to the first two, entire responsibility for the industrial and commercial advances which have characterized Japan's recovery is not only to overlook a most important element in the situation, but also to ignore the lesson which Japan is teaching those nations which



Part of the pottery display at the recent exhibition of Japanese industrial art products held in New York

first showed her the path toward industrialization.

The average exchange value of the yen in 1924-28 was 44.63 cents. In 1931 it was 48.85 cents. When Japan followed Great Britain off the gold standard at the end of the latter year, however, the yen immediately fell to an exchange value which has subsequently averaged, despite the devaluation of the dollar, below 30 cents. While this caused a rise in the price of imported raw materials, domestic costs have not gone up appreciably and Japan has consequently had a marked competitive advantage in foreign markets.

Labor costs are low

THE influence of currency depreciation has been supplemented by low labor costs. With an abundant supply of workers and what the West regards as a low standard of living, Japanese industry has been able to keep labor costs at a level with which no other industrial nation can possibly compete. Costs should eventually rise as Japanese labor demands more of the products of its own industry, but a people content with a diet of fish and rice, instead of the western diet of meat and bread, are likely to be satisfied with a smaller return for their work.

The third factor working in favor of Japan, the rationalization of her industry, is a direct consequence of the foresight and enterprise of her business leaders. In the past few years, the equipment and technique of the

Bid for World Trade

Prepared for Nation's Business by the staff of 'The Index'
of The New York Trust Company

THE penetration of Japanese goods into new foreign markets has aroused widespread interest—in some places decided concern. It affects every American business man. The question is, how?

Japan is not only an ambitious competitor but one of our best customers. For this reason, the real challenge of Japan's growing foreign trade lies, in this man's opinion, in a direction generally overlooked

other products. The most important of these products is cotton textiles. By 1934 exports of cotton cloth alone exceeded in value exports of raw silk. Pottery, drugs, tinned and bottled foods, rubber-soled shoes, toys, bicycles, certain types of machinery and innumerable small articles of metal manufacture have also shown important increases.

These products, on the whole, are low-cost articles. What Japan has done is to take advantage of depressed economic conditions throughout the world to offer relatively cheap goods which have had a special appeal because of reduced purchasing power. In some instances, this has meant an invasion of markets of higher priced goods; in others, it has created a market where none would otherwise exist.

This latter phase of Japan's commercial expansion is particularly illustrated in her development of new markets in Asia, Africa, Oceania and Latin America. Largely due to the declining value of raw silk, Japan's exports to the United States have decreased in value. Although there has been a relative increase in trade with Europe, and increased trade with Kwantung has compensated for losses sustained in trade with China, it is with other parts

more important industries have been greatly improved. In the textile field especially, modern machinery has been installed and advances in technical efficiency and cost-saving are hardly paralleled in any other country. The purchase of raw materials and marketing of the finished products have also been subjected to such careful organization, as in the case of the Japan Cotton Spinners' Association, that production costs have been still further reduced.

The effect of these factors on trade expansion is seen in the fact that it is not Japan's former principal export, raw silk, which is responsible for the recent growth of exports. Both the quantity and value of silk exported since 1929 have declined. The gain in Japanese exports has been entirely in



With an abundant supply of workers and what the West regards as a low standard of living, Japan has been able to keep labor costs low

of the world that Japan's trade has shown the more striking gains.

Between 1929 and 1934, the following changes took place in the percentage of total exports destined for the areas noted:

	1929	1934
Asia (excluding China and Kwantung)	20.7	29.9
Africa	2.8	8.4
Central America	.3	2.0
South America	1.1	2.8
Oceania	2.5	3.7

The countries included in these groupings, notably British India, British Malaya, Netherland India, Egypt, Mexico, Cuba, Argentina, Australia, have thus absorbed a share of Japan's exports which increased, between 1929 and 1934, from 27.4 per cent to 46.8 per cent. This trade has been largely in cotton goods of the cheaper grade and low price manufactures.

Production to suit the market

JAPAN has made careful and systematic efforts to expand these markets. They have been developed not only by offering goods at prices which the inhabitants of the Malay Archipelago, Africa, the Near East, and Latin America could command, but by adapting such goods to meet special and individual needs. Cotton cloth is produced in the quality and in the patterns for which there has been an effective demand. Here, in many cases, the Japanese are not undermining the sales of merchandise of other nationalities, but making sales where none were made before.

While this is the general picture of Japanese trade expansion, viewed in broad outline, the developments which have taken place in that important part of Japan's

foreign commerce which involves the United States are even more interesting.

That trade is important to both countries. In recent years, Japan has ranked second only to the United Kingdom and Canada as a market for our exports, her share between 1929 and 1934 increasing from five per cent to ten per cent of the total, and she has been exceeded only by Canada as a source of imports. From the Japanese point of view, we have long been the most important market for exports, and in recent years have held a similar position as a source of imports.

Furthermore, this trade is on a more mutually advantageous and less competitive basis than that between almost any other two countries. It consists primarily of the exchange of American raw cotton for Japanese raw silk. In 1934, more than 50 per cent of our exports to Japan, by value, were cotton, and almost 60 per cent of our imports from Japan, even at the prevailing low prices, were raw silk.

Before 1932, the balance in this trade had favored Japan. Since that year it has been in favor of the United States because the Japanese demand for American cotton has been more stable than our demand for Japanese silk, and the price of silk has declined while cotton prices have moved upward. In contrast with the situation in 1929, when raw silk was worth about 26 times as much per pound as raw cotton, it was worth only ten times as much in 1934. Although a decline in our exports of raw cotton and an increase in Japanese silk exports indicate a reversal of this trend in 1935, this change in the comparative status of the trade in cotton and in silk represents the basic element in the shift in the normal balance of Japanese-American trade.

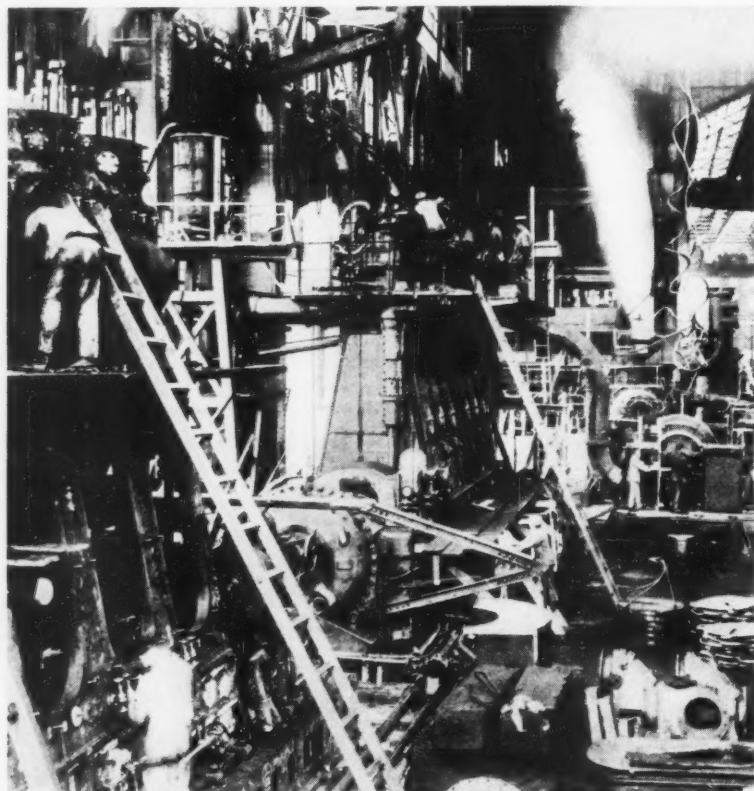
It is further true, however, that although American imports from Japan in commodities other than silk have increased substantially in recent years, these gains have not been as great on either a relative or absolute basis as the increase in American exports to Japan other than cotton. Consequently, whether cotton is taken into consideration or not, a direct effect of Japanese trade expansion has been a wider market in that country for such American exports as petroleum and gasoline, sulphite wood pulp, iron and steel scrap, refined copper, and automobiles and motor trucks.

We are selling more

BETWEEN 1932 and 1934, the total value of all exports increased from \$135,000,000 to \$210,000,000, or 56 per cent, with the value of cotton exports rising 30 per cent and that of other exports 100 per cent. In 1935, a continuation of the recent decline in cotton exports by quantity was also reflected in a decline by value, but, for the first nine months of the year, other exports showed a gain, in comparison with the comparable period of 1934, of more than 11 per cent.

While these figures are encouraging to American industry in general, they do not compensate those particular industries which are affected by the increase in our imports from Japan, other than raw silk. This increase amounted to 75 per cent between 1932

(Continued on page 73)



EWING GALLOWAY

Modern machinery has been installed and advances in technical efficiency have hardly been equalled in any other country

How to Prevent Unemployment

By T. M. GIRDLER

Chairman and President, Republic Steel Corporation



Every decent, first-class worker resents paternalism of any kind—whether it be government or employer paternalism

NO PROBLEM is more basic or more important to efficient management than the proper handling of industrial relations. You cannot run a mill or a factory successfully if employee-employer relation policies are misguided. The very heart of an efficiently operated business lies in mutual confidence between the employee and the employer.

Some outsiders are trying constantly to breed distrust in the minds of workers and to convince them that management is essentially and always unjust. But every intelligent employer knows it is inefficient as well as inhuman not to give his employees a square deal according to his competence. More than that no one can expect him to do. Less than that he ought not to do. And out of that attitude will come loyalty on the part of the fair-minded employee.

In developing efficiency in producing and distributing our goods, we have not always given due consideration to the most efficient and sympathetic relationship between employer and employee.

This relationship need not be paternalistic. Every decent, first-class worker resents paternalism of any kind—whether it be government or employer paternalism. It should be on the truer and sounder basis of efficiency and self-interest—the employer's self-interest and the worker's self-interest. Both dictate cooperation and

AN employer, ignoring the fog of theory which has beclouded the question, offers some practical suggestions for meeting problems of industrial relations, and shows why methods frequently urged to aid workers actually work disadvantageously

understanding. Both dictate honesty of purpose and truthful representation of the facts.

Employers are recognizing that the worker ought to have some permanent interest in the success of the enterprise for which he works because out of that success comes his income. His task as well as the employer's is to bring the source of income up to a profitable standard of efficiency. But he must feel that he and his employer are working together and not against each other, and he must be free to talk to his employer about that just as the employer must be free to talk

to him frankly and without outside intermediaries. Unless they can do that, they cannot be wholly and completely efficient.

Now there is much talk about what the worker wants. Labor leaders, politicians, social workers and writers stand ready to explain this in great detail. They talk about class struggles and use all sorts of phrases that may be all right for college professors who get paid for using big words and phrases.

Direct conferences are more productive

MUCH against its better judgment, management, which is actually under the same roof with the workers, has listened and even accepted at times the immature and badly formed opinions of these outsiders. A more sensible method has always been at hand and whenever it is used, management couldn't go wrong. That method is to go directly to the employees and to discuss mutual problems frankly, honestly, and above-board.

When enterprises were small that was the natural procedure. As industrial organizations grew larger, that direct contact was lost. It must be regained, and it has been regained by those companies and industries which have adopted employee representation plans.

Through these plans, employees are able to deter-

mine exactly whom they want to represent them in presenting their point of view. And it is important that their point of view be presented to the company. But, and this point is frequently ignored, it is equally important that the company's problems in matters pertaining to employment and wages be set before the employees. Management and men must understand each others' problems if there is to be any balance in industrial relations.

Workers can choose representatives

A GREAT many people make the mistake of assuming that most industrial workers are misinformed if not ignorant; that they are not able to take care of themselves or to protect their own interests. First hand knowledge of workers in the steel industry convinces me that this is not the case and I assume that these men are typical of industrial employees everywhere.

These men are neither misinformed nor ignorant. They keep abreast of the times through newspapers and other publications. They understand conditions in the steel industry and in the country. They are fully competent to choose men from among their own number who can represent them honestly and forcefully.

Bearing witness to this is the fact that in the steel industry fully 70 per cent of the cases arising under representation plans are decided in favor of employees. All in all, the steel worker has shown himself to be a level-headed individual and one who, in the past years of stress, has been immune to the lures of false prophets.

Let those who would know what the workers want ask the worker himself. All employers know from what thousands of workers have told them that what the worker wants is as much as he can get out of a job. And wise employees do not oppose his getting as much as there is for him to get without impairing efficiency in a competitive market.

No man can get more than a business can afford to

pay him without imperiling his job altogether. Management must think in terms of increasing the worker's income, not because someone has said that the employee ought to lead an "abundant life," but because increased productivity which makes it possible to give the worker more is in the interest of every one.

That idea becomes more graphic if you put yourself for a moment in the shoes of a mill hand. Suppose you were a typical intelligent American workman, married, with a couple of children. What would you want? Largely the same things you want now—to keep a good roof over your head, send your children to school, provide enough food and clothes for your family—and to make some provision for illness, unexpected unemployment and old age.

Now, you might be perfectly aware that working conditions have been much improved. You might know that the company which employed you was interested in seeing that you lived in the right kind of a house and that your children got an education. You might feel that your requests with respect to wages and hours had been given thorough consideration and that you were getting today as fair treatment as circumstances permit.

But, nevertheless, there are two all-important ques-

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Much is said about what the worker wants. The sensible way to find this out is to ask him

Industrial workers today are neither misinformed nor ignorant. They are able to protect their own interests

The Fuller Life at Reedsville

By MILLARD MILBURN RICE



The community house at the Reedsville Experimental Community

THIS is the story of Arthurdale, officially known as Reedsville (W. Va.) Experimental Community, the national Administration's first adventure in planned economy.

Work on Arthurdale was begun in October, 1933, and, because it was declared to be the measuring-stick, the touchstone, whereby the value of planned economy was to be tested in behalf of stranded populations, it has, for more than two years, attracted nation-wide attention. Stories of its hopes, its plans, its accomplishments, its failures, have been told again and again in newspapers and magazines. What is it like after more than two years of sponsorship by great figures in the Administration and the expenditure of unknown hundreds of thousands of dollars? What has planned economy accomplished at Arthurdale?

A bit of background first:

High wartime wages for coal miners drew many to the northern fields of West Virginia. Some of those who came deserted their small farms—subsistence homesteads of their own making—for the \$15 to \$25 a day they could make in the mines. Scotts Run, near Morgantown, W. Va., became a sort of center for many miners. Their high wages were so far above the comfortably meager living of their farms that many abandoned the farms to the tax collector and Scotts Run became a paradise for the instalment salesmen of expensive gadgets.

But wars end, as this one did in 1918. The end of the war brought an end to the rapacious demand for coal at any price, and hence an end to the high wages of the miners. They awoke from their dream broke, indebted to the instalment collector, and farmless. Grim want soon

TWO years ago the Arthurdale Experimental Community was launched as one of the Government's first ventures in planned economy. The work is still going on. Here is the report of an unbiased investigator who set out to learn what has been done

reared its head in Scotts Run, and local welfare agencies were taxed to capacity meeting its demands. Various agencies and individuals battled with the problem from 1918 to 1933. By 1933 they were slowly and gradually helping the worth while stranded miners in Scotts Run to help themselves become self-sustaining. In 1933 Mrs. Franklin D. Roosevelt visited the section and from that visit grew the Arthurdale subsistence homestead managed and financed by the federal Government, superseding the local social-service agencies.

Planned as self-help

THE Subsistence Homesteads Corporation of the federal Government, supplied with a million dollars for Arthurdale, purchased the Richard M. Arthur farm of 1,200 acres on October 4, 1933. The original intention was to carry on the campaign as it had been waged by the local welfare agencies—a campaign of self-help rather than paternalism—and the purchase of the Arthur farm had been a part of that local plan. But the local plan was soon discarded for something more ambitious—and more showy and costly.

Under the new plan an undetermined number of stranded miners' families were to have house, barn, and plot of land of several acres—subsistence homesteads uniformly similar. Instead, however, of building the houses on the higher well-drained ground as the old plan had contemplated, bureaucracy placed many of them in the swampy lower ground of the farm—because they looked better there. Twenty-eight miles of drainage tile have been laid in an attempt to drain that lower ground.

Early in January, 1936, 125 houses were completed at Arthurdale. All but nine of these were occupied,



One of the 125 houses on the project. Some of them were rebuilt as often as six times

though several of those occupied housed school teachers employed in the Arthurdale schools. These houses were built in two units. The first consisted of 50 houses; the second of 75. The story of the first 50 houses is already an oft-told tale: how they have been built, and rebuilt, and rebuilt again, five or six times, some of them. Originally they were pre-fabricated houses, ten feet wide and 40 feet long, intended by their manufacturer for summer use at camp or seashore.

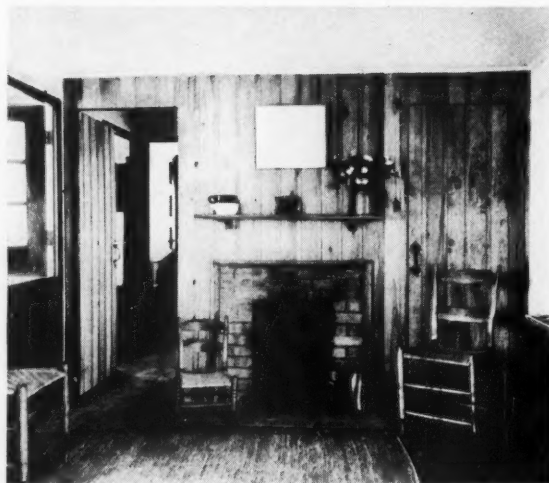
Dubbed "shotgun" houses by the upwards of 1,200 relief workers and prospective homesteaders who worked on the project for months after its beginning, they were soon changed. They stand today, in the midst of plots of from two and one-half to five acres, one-story houses of many gables and wings. Their most conspicuous parts are their huge brick chimneys of fine workmanship, many of which rise through the front porches. Some have basements above ground, and these give the appearance of two-story houses. These are entered through the basement, and in some cases the front porch is accessible only in that way. Some of those with basements below ground draw water. To remedy this, deep trenches are being dug around those houses and drainage tile laid below the level of the basement floors. The 28 miles of drainage tile do not carry off all the water in the weeping lower sections of the project.

Subsistence homestead: hardwood floors

THE 75 houses of the second unit are very different in design and construction. These are story-and-a-half houses, the first story of cinder block, the half story weather-boarded. They are such as might grace a suburban real estate development project. Floors are of hardwood and, in many, the living room floors are of patented polished wooden blocks—a beautiful and expensive job. Hardware is generally of brass. Some local criticism has been made of floor plans of a few of these houses of the second unit. Several are said to be so arranged that the furnace room and laundry tubs—not in the basement because of drainage problems—are between the kitchen and dining room. I did not personally see any houses so arranged, and it was useless to ask to be shown them, for the project manager at Arthurdale stated at the beginning of our brief interview that he would give out no information. Information should be sought, he advised, at the Information Department

Interior of one of the houses of the second unit. Note the hardwood floor

Below, another interior. All but nine of the homes were occupied by January, 1936



of the Rural Resettlement Administration in Washington. I had already been there, and the answers to many of my inquiries had been unsatisfactory. The unofficial investigator follows his own nose when he visits Arthurdale.

All houses at Arthurdale have copper gutters and spouting. Even the rebuilt "shotgun" houses, with their cheap little wooden roofs, many of which are said to be leaking, are so equipped. Each house has its own bored well—from 50 to 200 feet deep—and has copper plumbing. Each well is equipped with an automatic electric pressure pump and reservoir, sometimes outside the houses proper. Houses of the first unit have individual septic tanks; sewage from the second unit flows into a central septic tank. Natives of the section who are

familiar with the terrain testify that there is an ample supply of pure mountain water, available with gravity flow, but planned economy has preferred to drill individual wells.

The following notice, dated September 30, 1935, and signed by the project manager, was still on the bulletin board at project headquarters on January 11, 1936:

NOTICE TO ALL HOMESTEADERS

A test of the wells indicates that some of them are contaminated, and it is urgently requested that all drinking water be boiled until further notice. It is also requested that anti-typhoid serum be taken by all those living on the project.

Thumb-tacked beside this was another notice, also directed to all homesteaders, to the effect that many pumps, plumbing systems and heating systems had been allowed to freeze for lack of proper care, and urging all homesteaders to be more careful in the future, as such experiences are expensive. Local testimony is to the effect that as many as 70 pumps froze in the winter of 1935-36 up to January 10, 1936. Planned economy has apparently ignored mountain winters in its planning. Arthurdale lies on a mountain plateau with an elevation of more than 1,800 feet.

Settlers occupy the homesteads under what is termed a "temporary licensing agreement." A representative of the Resettlement Administration Information Department promised to mail to me a copy of this agreement blank, but after nearly four months it has not yet reached me. I have not, therefore, seen the agreement form. Local information in the Arthurdale section declares this is simply a rental agreement whereby the varying monthly payments of \$8, \$12, \$18 or more, are applied on the purchase price of the homesteads. No purchase price has been set on the homesteads.

According to local information, these licensing agreements require settlers to follow directions of the project manager or his representatives as to what crops or trees they shall plant and where these shall be planted. The agreement may be terminated for a variety of causes on brief notice from the project manager. This latter provision was invoked in December, 1935, when two sons of

a homesteader were convicted in West Virginia courts of housebreaking.

Under direction of agricultural advisers, the homesteaders have grown varied and abundant crops, particularly during the summer of 1935. Many vegetables have been canned under supervision of home-making directors and stored in basements and storerooms. It was a pleasant sight, in January, 1936, to go over the project and see the corn in the small wire cribs of some of the homesteads.

Ample school buildings

SIX large buildings of the Arthurdale school system are already completed. These are of frame construction, each with a separate heating plant, requiring, according to local information, four janitors to each building, working in six-hour shifts. A reservoir for the school buildings is located on the hill above them, and fire plugs are being put in so that, unlike other parts of the project, the schools will have fire protection. Plumbing in the school buildings is of copper. School buildings in line from east to west are, Nursery, Primary, Elementary, Administration, High School, Gymnasium.

The head of the Arthurdale school system is reported to receive upwards of \$10,000 yearly for her services, which include responsibility for general community welfare, and she occupies a house built specially for her at a cost of about \$10,000. No announcement is known to have been made of the exact number of teachers or nurses employed at Arthurdale. All children between two years of age and primary school age are brought daily by bus from their homes to the Nursery Building where they are cared for by nurses and pre-school specialists, being returned to their mothers each evening. The High School is not accredited in the State of West Virginia, and some homesteaders send their children of high school age on the county school bus to the county high school at Masontown, four miles from Arthurdale. Preston County taxpayers are not particularly pleased with this arrangement, for Arthurdale and its



A general view of the site chosen by the Government for its first experiment in planned economy for a stranded population

WIDE WORLD

homesteads, being the property of the federal Government, are not taxable by county or state.

Plans are known to have been drawn for a seventh school building to house a junior college. While construction has been neither begun nor formally announced, the plans contemplate a building 300 feet in length of stone construction.

Plans are definitely made and, as this is written, work is about to begin on a third unit of 65 homestead houses, presumably the last, though acreage bought but not yet paid for is apparently sufficient to provide more than the 190 homesteads the project will have when the third unit

is complete. Houses of the third unit are to be of native stone-veneer construction, a type which will make them the most costly on the project.

Cooperative has high prices

ABOUT January 1, 1936, a cooperative store, under a manager imported from Missouri, was opened at the community center in Arthurdale. Capital of \$9,000 for the venture was advanced by the Government. Homesteaders join the cooperative by signing an application

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An NRA for Government Contractors

Some members of the audience look attentive during a witness' testimony

A member of the Committee shows his interest during testimony of the same witness



THE Healey bill, successor in the House of Representatives to the Walsh bill of the Senate, would require those selling goods or services to the Government on contracts above a \$2000 minimum to accept minimum wages and maximum hours standards fixed by the Department of Labor and to guarantee that all labor on that job and subcontracts of it was paid a minimum or prevailing wage, and certain other factors. In favor of the bill were labor union representatives and some government officials. Opposed were business men.

The chairman of the subcommittee, Mr. Healey of Massachusetts, was accused inferentially of trying to remove the South's labor differential by a backdoor method since the proposed clause in government contracts would necessarily have to be uniform throughout the country. Other witnesses showed that the South's lower labor cost was necessary but at the same time its workers enjoyed higher real wages than in Mr. Healey's state.

The statement of the Chamber of Commerce of the United States, from President Harper Sibley, was confined to the impracticability of administration of such a provision. Witness the NRA!



PHOTOS FOR NATION'S BUSINESS BY HAMMER
Madame Perkins, Secretary of Labor, appeared in favor of the bill with a few modifications suggested



C. Parker Holt, executive vice president of Caterpillar Tractor, and other industrialists opposed the bill

Mistakes My Bosses Have Made

By AN EMPLOYEE

IF YOU wonder how you stack up as a boss, read this article. If you find yourself here, it may be a direct help to you. If you don't, it will help you anyhow, indirectly, by providing a tonic for your ego

IN THE 25 years since I left school I have had six jobs. In each of them one of my primary interests was the study of my bosses, their personalities, their merits and weaknesses. I felt that by so doing I not only stood to further my own cause but I was learning about the executive mind against the day when I might be one myself. But particularly I wanted to understand these men on whose approval so many of my hopes and ambitions depended.

No one else—not even his wife—has the opportunity to observe, understand and appraise a man so well as his employees. In every job I have held I considered my employers in the light of subjects for my laboratory of character analysis. I have no doubt that I looked for too much in executive leadership. My quest for the perfect boss was bound to be disappointed because only a perfect employee would deserve such a paragon, and on that score I have no illusions. But I have often felt that the story of their short-comings might be of interest as a record of "What an employee thinks about."

The failures to measure up to my standard could be analyzed under ten heads. Each of these represents a basic fault in the attitude of employers toward employees or of superiors toward subordinates in the business and industrial army. Every boss I have had transgressed in one or more of these particulars, though, fortunately, none in all of them. I think the list should start with:



ILLUSTRATIONS BY
EARLE B. WINSLOW

I have known of several cases of employers opening personal mail addressed to their employees

1 • Too miserly with praise

I HAVE always been peculiarly susceptible to commendation about my work. As a boy I was moved to the very tips of my toes on the rare occasions when my father said, "Well done," and in school was avid for the little distinctions that reward scholarship. It's not that I court flattery. On the contrary, I think I can smell the least semblance of it and invariably it arouses my suspicion. That's why I feel that I'm probably quite normal in treasuring praise when I think my work entitles me to it.

One of my employers—a publisher—told an acquaintance of mine that I had done a splendid job on a certain assignment, but he never intimated his approval to me. When the remark was relayed to me, I could not help feeling that he had been ungenerous not to give me the satisfaction that would have come from a direct pat on the back. He seemed afraid that, if he said a good word about anything I had done, I would immediately have visions of a larger salary. The facts are quite the contrary. On at least three occasions while working for men who showed ungrudging

appreciation of my efforts I have declined offers of other positions paying more money because I regard appreciation as worth something in almost a pecuniary sense.

Too many employers pattern after Napoleon, who is said to have answered a marshal, who reported a great victory, by asking him what he did the next day. Such a response merely serves to discourage most men. At the end of the best week I ever had when I was selling on the road I went into the office on Saturday and proudly laid on the sales manager's desk a bunch of orders that I thought would knock his eye out. Imagine my reaction when, without even glancing at the orders, he pulled out my previous week's report and began to berate me because I had not driven 50 miles out of my way to call on a dealer who never to my knowledge gave the house a dollar's worth of business. I walked out of the office disillusioned.

2 • Inclination to Reserve Credit to Themselves

IT should be sufficient glory for an employer that one of his men has

done something to distinguish himself. The employer gets the money—the profit from the job—and the employee the credit. Surely that is the least the latter can expect. Yet, I know employers who are quite as jealous of their men as the men could be of each other. In a manufacturing business with which I was connected, the manager went out of his way to put a salesman right as to who had brought in a certain large order.

"Why, man, you ought to know that it was really I who landed that business; you never would have closed it if I hadn't set it up for you," I heard him tell the salesman. And no question of compensation was involved, since the salesman was working on a straight salary.

I thought at the time, and I still think, that action was extremely short-sighted. The salesman had been elated; regardless of who really influenced the business, if he thought he had made the sale why not have let him alone in that belief. In fact, I worked under a sales manager whose policy was exactly the opposite. Twice while I was a cub he maneuvered things so that I could make sales and then congratulated me. I saw through the stratagem, but I liked it. He was giving me a taste of victory, an injection of self-confidence.

As assistant editor of a business paper, I wrote a story around a firm which had done an exceptionally good job in its production department, owing, I could see, in large part to the production manager. In my story I quoted the owner of the business at some length and also mentioned the production manager by name. Being eager to check my facts closely, I submitted the manuscript to the owner, for his O.K. When it came back the mention of the production manager had been crossed out. It was evident that all the glory in that business went to one man.

3 • Failure to Unbend at Times

I WORKED under one man who, although crabbed, unreasonable and at times as hard to live with as a shrewish wife, never failed to make me forget all his disagreeable qualities every time I was alone with him. However much he might rant during business hours, he knew how to let down and forget the barrier between employer and employee when I happened to meet him outside the office

or work overtime with him. On such occasions he was just like a fellow worker, not too dignified to tell a joke or discuss some hobby of mine or his. After these contacts I invariably felt completely tolerant of his irritable moods, because somehow he brought me into sympathy with his



As a boy, I was moved to the tips of my toes when my father said, "Well done."

real character—made me see his better nature.

The antithesis of this type is well represented by the cashier of a bank where I was employed; I will call him Tommy Baxter. He had the deserved reputation of being the heartiest back slapper in the city. Throughout the day his booming voice and his deep, guttural laugh echoed through the building as he greeted the patrons, the very ultimate in cordiality. But to us hired men and women he presented an unvarying mien of crisp and impersonal efficiency. On his occasional sorties through the banking room his presence was that of a breeze literally sweeping checks and papers off desks and counters.

During my three years' service, I was alone or outside the job with Mr. Baxter several times. Even though he was a young man not far from my own age, this was always embarrassing for both of us because he insisted on holding that barrier of authority between us. I listened in vain for a remark that would penetrate it and tell me that he was just a man like myself. But even at a Sunday baseball game he was still the boss. I think it was Emerson who, in writing of Henry Thoreau's incapacity for friendship, said that to have taken Henry by the arm would have been like taking hold of a tree branch. That was my feeling about Tommy

Baxter. He could never have been more to me than a symbol of authority.

4 • Lack of Regard for Their Employees' Self Esteem

ANY employee worth his salt has a certain amount of pride. He possesses that good old American feeling that "I'm as good as you," and not even the buffets of depression have stilled it. I have taken with good grace sharp reprimands in private that if administered in the presence of fellow employees or others would have filled me with a deep sense of resentment.

One of my bosses once bawled out at me a rancorous and sharply worded order when I was seated at my desk talking with a personal friend. I ignored him for the moment but the tone humiliated me. Surprised, my caller brought his business quickly to a close and left. I was so furious I couldn't trust myself to speak for awhile. After I had cooled off, I went to the boss, determined to have it out, and asked him if he had realized how offensive his manner had been. Fortunately he was a man who would back down when shown that he was wrong. He apologized.

Likewise, gratuitous remarks that reflect on an employee's intelligence and ability are costly to the employer because they destroy the self-confidence and pride that are necessary to good work. I remember once hearing the manager shout at a clerk:

"Is it possible you don't know that, Miss Cone? You must have been unconscious around here for a long time if you don't."

It is possible such a rebuke might arouse a lax and inattentive employee to action, but it is far more likely to fire her with a resentment that will kill every instinct for self-improvement.

5 • Playing Company Politics

MANY think they are smart enough to carry it off but very few, if any, are. When a boss first comments to one of his men privately about how lousy another man in the organization is, the confidant is flattered, but if he is a sensible man he is certain to begin to wonder what the boss may be saying confidentially about him. Soon there is an atmosphere of mutual distrust in such an organization. No one knows who to trust because the boss is an uncertain quantity.

I had one boss so devious in his ways that when he wanted something to reach his employees indirectly he

told it to his secretary, ostensibly in confidence. He knew he would get excellent circulation through her for any inspired grapevine message or trial balloon. Some employers, of whom he was one, are so naïve that they never suspect their subtlety will be perceived.

Not one of my jobs has been free from that sort of internal politics caused by executives jockeying for advantage against each other. Not one of my bosses but has tried at times to use his employees in attaining certain ends in which he was opposed by a partner or other associate. While I was on one selling job the president of the company called me into his office one day and questioned me closely about a number of things in connection with my work. The sales manager, who was vice president of the firm, knew about the interview and from that day I could see that I had lost his confidence. I was an innocent-bystander victim of an intra-organization feud.

A newspaper acquaintance of mine avows that his city editor discharged him because he obeyed a positive order given by the managing editor.

6 • Judging Employees Hastily

AN IRATE woman is reporting a delivery man to his boss. "The man was downright discourteous and impertinent. Why, I never was spoken to in that tone in my life." (That's what these supersensitive, "sheltered," women always say.) If the boss is a seasoned executive with a broad and balanced mind he will not raise a temperature about a report of this sort, or any other, until he has learned more about it and has heard the other side. Because there nearly always is another side. He never jumps at conclusions or condemns an employee without a hearing, however damaging the cursory evidence may be.

The best employers I have had were men who, as long as I was a member of the organization, would stand up for me to a customer just as they had a right to expect me to defend my company from attacks against any source. One of the most magnificent occasions in my experience was that when a customer who was out to get my job said to our manager:

"This is nothing but a question of veracity. Are you going to take my word or the word of this man?" pointing to me.

And the manager said:

"I'm sorry you insist on putting it

that way, Mr. Smith. I have said that I think you are honestly mistaken. But I must add that if I ever feel we cannot take Mr. Hamilton's word it will be time for me to ask for his resignation."

But this has not always been the case. One of my employers, not now among the living, once questioned my honesty on an expense account. He told the cashier he thought I had padded the account, but that's all he did about it. I never knew of the suspicion until years later, after his death, when the cashier told me about it. How long he felt that way I don't know, but I remained with the company for more than four years after the incident. I think it was an injustice both to me and to the company that he kept the suspicion to himself. This man was an admirable boss in many ways, but he always preferred the indirect to the direct manner of dealing with his employees.

7 • Resentment toward Candor by Employees

SOME of the very firms that adhere closely in customer relations to the merchandising adage, "The customer is always right," directly reverse the policy in employee relations and maintain that the company is always right. The executives are quite un-

enthusiasm are effects, not causes. Only a Coué can reverse the order.

I had a boss who was so sensitive in this respect that his men soon learned that the only way to live with him was to "yes" him assiduously. And they "yessed" the business to death. He seemed to have been born in the serene conviction that his product completely outshone all its competition and for one of his own business family to voice a doubt on this score was nothing short of treason. On anything else he was ready to face facts but not on this. If you couldn't sing a hymn of praise he didn't want you in the chorus.

8 • Permitting Personal Feeling to Enter into Appraisals of Employees

THE good executives, in my observation and experience, have been those who tried earnestly to surround themselves with subordinates who had the best qualifications for their jobs, rather than with those who were most agreeable to the big boss. They were not afraid of the type of men usually considered as "able but hard to handle" and quick to go to bat for what they consider their rights.

I have in mind an executive who makes a practice of employing only very young men without previous ex-



One of my bosses bawled me out while I was seated at my desk talking with a personal friend. The incident humiliated me

able to accept criticism of the product or the company from their own employees. For an employee even to interpret outside criticism is not taken as quite loyal. Salesmen are fed the old bromide that "To sell successfully you first must sell yourself thoroughly on your product," which ignores the patent truth that confidence and

perience in his field. The reason he offers is that they are more susceptible to training in his system, have formed no habits that will need to be changed, and will "grow up with the business." The real reason is that he wants to have around him immature and pliable minds that he can mold

(Continued on page 60)

Lights Burned in Great

By PAUL McCREA

Of the Staff of Nation's Business

THE night of March 20, 1886, was a gala occasion in Great Barrington, Mass. Streets and stores were thronged with people who had come to see a new wonder. Most of them, quite likely, would not have known that it was a wonder if they had had to find it out on their own initiative. The wonder was simply that 13 stores, two hotels, two doctors' offices, one barber shop, and the telephone and post offices were to be lighted by electricity.

Probably most of the spectators—although they shied away from some 150 candle power lights used in the demonstration—were a little disappointed. After all, electric lights were not uncommon, the telephone, which was far more spectacular, was becoming mildly commonplace—people were pretty well used to thrills. If the thing had blown up it would have been a better show. Since it didn't, most of the spectators went home wishing they had stayed there in the first place. They are not to be blamed too greatly for that opinion.

They had seen the birth of alternating current. They had seen the laying of the foundation on which the whole power industry with its giant central stations was to be built. They had seen the beginning of one of the most dramatic conflicts in the history of science. But only a few people had enough imagination to see that.

Among the imaginative few were William Stanley, the young engineer who laid out the Great Barrington sys-



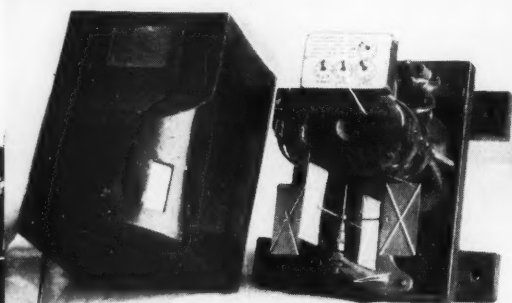
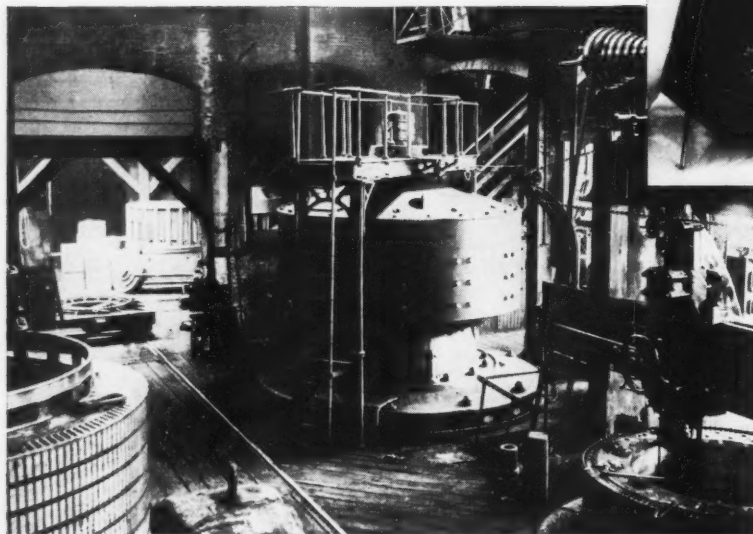
William Stanley

tem, and George Westinghouse, who employed him to do it.

To the former's genius and persistent effort and the latter's vision and commercial enterprise men who know lay much of the credit for the development of electrical service in this country.

Westinghouse had entered the electric industry more or less through the back door. An unusual combination of the practical and the visionary, he had patented his air brake for stopping trains 15 years before. By 1886 his system was standard in this country and was widely used abroad. Casting about for new outlets for his energies and new investments for his money, he had bought control of several companies. Among them were the Interlocking Switch and Signal Company of Harrisburg, and a similar company in Massachusetts. Another was the Westinghouse Machine Company which manufactured high speed engines to drive the generators of the day.

For this last company, there were plenty of potential customers. The Brush-Electric Light Company, the

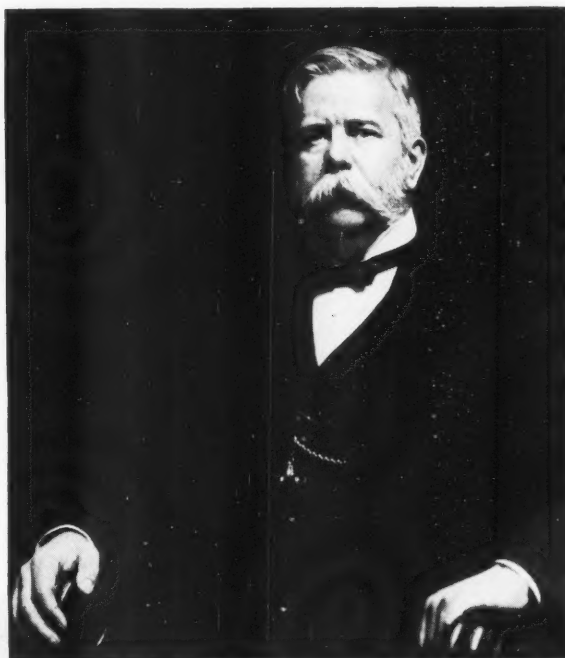


Shallenberger's first meter, built after he discovered the principle with the help of an accident

Building the first generators for Niagara Falls. They are still in place, ready for use in case of emergency

Barrington

THAT was the first major achievement to the Westinghouse Electric and Manufacturing Company which, this year, celebrates its Fiftieth Anniversary and pays particular homage to a man who had an idea and another who had persistence to apply it



George Westinghouse applied to electricity the same theory he had used for gas distribution



The old rubber mill at Great Barrington, Mass., scene of Stanley's experiments and birthplace of alternating current

Thomson-Houston Electric Company, the United States Electric Lighting Company and others were in the field. All of them were making arc lighting systems and all faced the same problem of distribution.

That problem was simply the difficulty of transporting electricity. All the systems used direct current commercially unsuited to distribution at distances of more than a half or three-quarters of a mile from the plant. This meant that, as systems extended, a great number of small plants were necessary.

It was impossible that Westinghouse could remain so close to the electric industry as the manufacture of its motors and not become interested in its technical problems. At the time his knowledge of electricity was probably negligible, but he did know about gas.

Some years before, he had developed a system for distribution of this fuel to customers.

In this arrangement the gas was conducted over long distances under high pressure and the pressure was then reduced for general use. He reasoned that some such meth-

became so engrossed in his tasks as to lose all track of time and place.

A story told about him concerns a trip to New York with his wife. Shortly after they had registered in the hotel, an idea came to Stanley. Rushing to the station, he boarded a train and returned to the laboratory without telling his wife or any one else of his plans.

One imagines he was an unsatisfactory husband. However that may be, he ruined his health. Even in those early days—and he was only thirty, his total disregard for meals and sleep were having their effect.

When he joined Westinghouse, Stanley had had some experience with alternating current. He knew that it could be carried far greater distances than direct current but the problem was to find a means of increasing the "pressure" as Westinghouse had done with gas.

The solution came from England. There two inventors, Gaulard and Gibbs, had developed a system of transformers connected in series which were said to accomplish just what Westinghouse and Stanley were

attempting to do. Westinghouse immediately began negotiations for American patent rights on the system. In 1886, the negotiations were completed by Franklin Pope, but even before that, Westinghouse had obtained apparatus for tests. It was set up in the plant in Garrison Alley, Pittsburgh, where Westinghouse had combined his various activities.

Ideas for transformers

THE Gaulard and Gibbs system didn't work but it gave Stanley ideas.

His health was troubling him and the atmosphere at Pittsburgh was not to his liking so the whole experiment was moved to his old home in the Berkshires.

A half dozen transformers from Pittsburgh were set up in an old rubber mill at Great Barrington and Stanley went to work on improvements.

By March 17, 1886, he was able to report to Westinghouse that "the lamps in my cousin's store were running last night." Three days later the official test was made.

The story of the work is best told by H. M. Byllesby, a prominent figure in the public utility field, in a letter written to T. C. Martin, former editor of *Electrical World*. This letter, written in 1922, was recently reprinted by *Electrical Engineering*:

In those days Stanley had taken up his residence at Great Barrington, Mass., where he was equipped with a laboratory and where he installed the first real alternating current plant in the United States.

It has been found prior to my taking charge of the Westinghouse Electric that Stanley's best work was done away from contact with the every day, never ending mental work, discipline and the industry of either the main office of the shops or the working laboratory at Pittsburgh and so, in the earlier days of the alternating current, Stanley was established with a residence at Great Barrington.

When I joined the ranks of the Westinghouse Electric Company there was substantially no one in

the organization, excepting Mr. Westinghouse himself and Frank Pope, who had any real expectation of anything commercial coming out of the alternating current system.

I had known Stanley for several years prior to joining Mr. Westinghouse's interests. There was a mutual liking between us and sometime in February or March, 1886, when I was busy developing the direct current apparatus for the then Westinghouse Electric and making sales which for those days were of rather unusual importance, Stanley came down to see me at New York on a Friday and impressed me with the fact that he actually did have a small alternating current station running at Great Barrington that he could receive no audience from any of his associates in the company and he implored me to go back to Great Barrington with him and look at it.

This I did, and spent the following Saturday there. I found he had a complete system, barring of course the meter and the motor, that it was actually performing and performing well and with relatively slight modifications could be put upon the market.

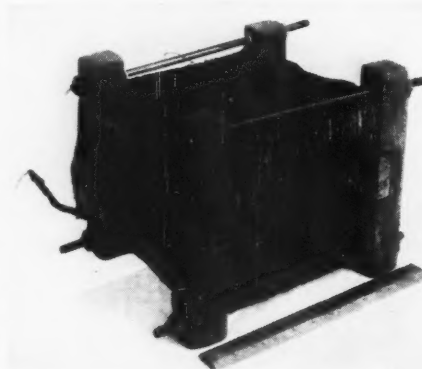
I returned to Pittsburgh and reported to Mr. Westinghouse and my associates. I was enthusiastic. All of them, even Mr. Westinghouse, were somewhat skeptical but we immediately had a thorough examination made which proved that the alternating current system had arrived successfully.

From that time forward we progressed with amazing speed and in September, 1886, we had completed and had running two alternating current machines of the joint design of Stanley, Shallenberger, Albert Schmid and myself.

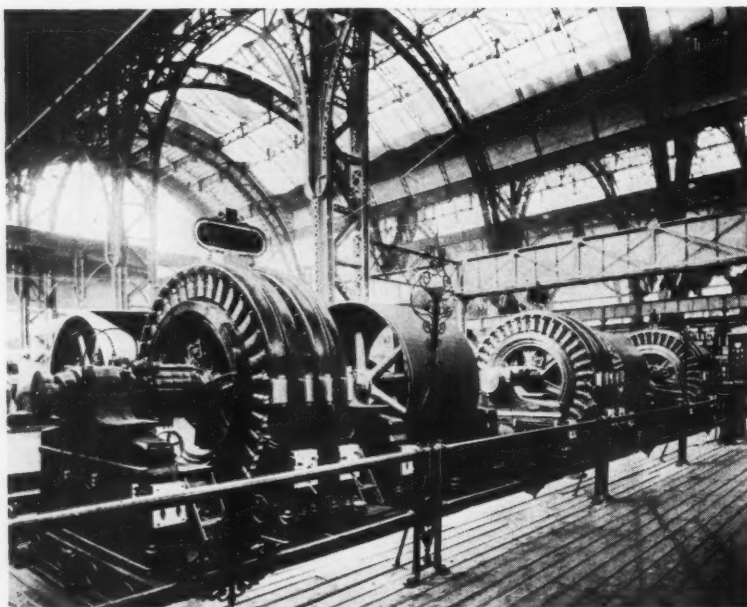
Each of these machines had a capacity of 750 lights, as then rated. They were driven by Westinghouse engines, located in the erecting shop in Duquesne Alley and their output was transmitted over a line borrowed from the Allegheny County Electric Light Company to two residences about two and one-half or three miles from the generating units.

In each residence we installed banks of lamps and we kept this plant running continuously for several weeks and started selling plants throughout the country.

The Great Barrington plant
(Continued on page 90)



An early transformer built by Stanley after a system imported from England failed to work



This generator gave Buffalo its first alternating current on a commercial scale

The Westinghouse installation at the Columbia Exposition not only lighted the fair grounds—it demonstrated possibilities of electricity

Burroughs

SHORT-CUT KEYBOARD



ENTIRE AMOUNTS IN ONE MOTION

10.45



Since two or more keys can be depressed at one time on Burroughs short-cut keyboard, entire amounts can often be written and added or subtracted in one motion.

NO CIPHERS TO WRITE

23.55
5 Automatic
13.2 Automatic
24.8 Automatic
12.5 Automatic

Burroughs prints ciphers automatically. There is no danger of writing too many, or too few. This great saving in time and effort is a feature of the short-cut keyboard.

SPEED... with less effort

Figuring on the short-cut keyboard requires so few motions. This means increased speed and fewer chances for error. Result: fast, accurate work and less effort. Ask for interesting new booklet fully describing and illustrating the many time and labor saving advantages of the short-cut keyboard. For your free copy, telephone the local Burroughs office or write direct.

BURROUGHS ADDING MACHINE COMPANY, DETROIT, MICH.

**ADDING, ACCOUNTING, BILLING AND CALCULATING MACHINES
CASH REGISTERS • TYPEWRITERS • POSTURE CHAIRS • SUPPLIES**

Public Friend Number One

By RUTH McINERNEY

THE purpose of "keeping store" is to sell but salesmanship may take queer turns as these stories from personal service bureaus indicate

IT IS no longer a question of coaxing a customer to ask for what she doesn't see—but of filling the order when she asks.

The things modern customers ask for run something like this in a busy department store day—

"What would be a nice suitable gift for a maiden aunt who does not sew, knit, drink tea, like books, smoke, or chew?"—"I want to find a live baby chameleon for my sick daughter."—"Help me locate my long lost brother."—"Do you think I ought to divorce my husband?"—"What's the best kind of underwear to take on a trip to Egypt."—"I just dropped my automobile keys down the sewer."—"Square it with the wife, will you? She'll believe you."—"Look here, can't you help me catch that train that pulled out 10 minutes ago?"

Does it pay department stores to untie today's Gordian knots, pour oil on troubled foreheads, double for Beatrice Fairfax, the Delphian Oracle, Solomon and Cinderella's fairy godmother? Is it worth while to develop a highly efficient personal service and personal shopping bureau, managed by trained specialists, merchandising a type of assistance that is obtainable nowhere else in the civilizing world?

It is worth while. A "yes" is worth as much as \$1,000. The harder it is to say "yes, we've got it" to a customer—the more the "yes" is worth.

Why? Because shopping is a habit. Where we go to spend money is often a matter of foot pattern work, activated by pleasant spending conditions.

What sort of trouble shooting are wise retailers prepared to render? How do they do it?

She was blushing, and so was he.



"We want a real church wedding with a veil and a trousseau and everything and we have just 20 minutes to catch a train"

It was the sort of blush you see on new rosebuds.

"You ask," she whispered to him.

"No, you ask," he whispered back hoarsely. And then they both said:

"We got the idea while looking over your Model Honeymoon Apartment on the eighth floor—"

Fast Work!

"HE proposed on the escalator coming down—"

"She promised as we were going through the linen department. But—I've just 20 minutes between trains. It's now or never; she's that kind of a girl!"

"I want a real church wedding with a veil and a trousseau and everything—" begged the impending bride.

"And I have to get a license, a shave, haircut and the clothes," wailed the bridegroom.

The personal service bureau of this middle western store was ready.

Twenty minutes in which to stage a full-blown wedding!

A shopper selected the bride's accessories by phoning from one department to another. Another shopper rushed her to the fitting rooms. A male shopper hurried the groom to the city hall and, by special methods, up to the head of the waiting line. Coming back in the taxi, he took his measurements, left the cab halfway, phoned in dimensions and an order for accessories to the store from a phone booth. The bridegroom had continued to the store. A barber fixed him up tonsorially while a shoe salesman fitted him to footwear. His clothes were waiting.

Meanwhile, the personal service bureau was learning that not all denominations will marry a divorced person. The Methodist denomination would—but all the clergymen were in convention and not to be disturbed! The job looked hopeless when a quick-thinking shopper remembered



For Insomnia . . . Life Insurance

*M*ANY a family man has the experience of being kept awake by worry. After dozing off, he wakes up with a start. What would happen to his family, if—? He hates to put it in words. But the bare fact remains that without him his family might be penniless.

He can save a little—and does. But the amount may be far short of the money he needs to give him peace of mind when he wants to go to sleep and rest.

Before Life Insurance became available,

The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



comparatively few men had any way open to them to work out for themselves the size of the estate or the number of monthly payments necessary for the continuing comfort and support of their families.

If you wish to avoid worry-induced insomnia, why not talk things over with a Field-Man? He will probably be able to show you how you can safeguard the future out of your present income. Telephone the nearest Metropolitan office and ask a Field-Man to call — or mail the coupon.

Metropolitan Life Insurance Co.,
1 Madison Ave., New York, N. Y. (N)

Without obligation on my part, please send me information regarding the Family Protection Plan Policy.

NAME _____

ADDRESS _____

CITY _____ STATE _____

METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

One Madison Avenue, New York, N. Y.

©1936 M. L. I. CO.

a downtown church whose ministers might officiate. The church was opened, candles lit, the organ played, the ceremony progressed rapidly. The young couple, rice and all, were tucked aboard the train—

All in 20 minutes.

Did it pay the shop? It cost the store 20 minutes of its ablest co-operation, 20 minutes of high powered concentration by employees who were under salary, anyway, plus a few telephone calls. What was the result?

All the bridegroom's friends heard about it; all the bride's friends heard about it.

Plenty of good will

"SOME store!" was the general observation. (Good will by the ton.)

More negotiable appreciation was seen in new charge accounts opened, more spending by friends and relatives of the pair. They, themselves, purchased not only wedding clothes, but furniture for an apartment later.

A "yes" worth several thousand dollars.

Unfortunately, all "yeses" are not traceable in accrued values. But 75 per cent of the people dramatically assisted in a tense moment never forget the store.

Many of the big stores are foster parents of children they have either rescued from loneliness as waifs, or placed in good homes.

See that round-faced high school boy, chatting amiably with the lady in charge of the personal service bureau? He's well fed, well dressed, happy. But go back six years to a wintry November afternoon. It was dollar day, and hurrying crowds crushed past the youngster huddled forlornly in the doorway, a limp bag of cookies clasped desperately in one hand. He was frightened and bewildered, and seemed quite deserted.

But it is the responsibility of the modern store's official host to see that people are as comfortable and happy within the shop as possible. He noticed the child, spoke to him. The boy apparently neither understood nor spoke English. He was fed in the store's restaurant, cared for by store doctors, nurses and playroom attendants. A search was carried on for the parents. Days passed.

It was necessary to insert a full length picture and description in coast-to-coast newspapers. No response. Neither relatives nor friends

came forward to claim the small boy, literally left on the store's doorstep. But dozens of other people wanted to adopt him.

Every Saturday he drops in for a talk with his guardian angels.

What does a personal shopping and service bureau do when a lady rushes in with a glint of travel in her eye?

"I've decided to join my friends on

couldn't you find us a baby to adopt? We've never had any children of our own."

Some stores will fill the order from start to finish, figuratively write out a check, for a blond, six-month-old baby girl, mark it charge and send, file it for future delivery. They check over prospective parents as to financial and moral qualifications, match the personality of parents to that of the child, consider nationality, and successfully bring together a happy American family. Other stores introduce prospective parents to a local orphanage, assist in the business side of the adoption—and invariably get the job of outfitting the baby and furnishing a nursery.

A lovely debutante of the current crop hovered nervously at the personal service bureau.

"I understand your store never says 'no' to a customer—" impulsively.

"Try us."

"I've got to look 35 years older—as soon as possible. My mother is ill. It is necessary that she appear at a reception. She and I have similar features, only she's 35 years older and weighs 40 pounds more."

A problem in make-up

"HOW much time can you give us?"

"Half an hour."

Moving the clock forward 35 years, and the scale up 40 pounds in one half hour was accomplished with dispatch. The make-up salon expert was called in, another from the corset department, one from the ready-to-wear. The personal service bureau managed the work. In a half hour, a conservative matron of 50-odd left the shop. She wore sober black. There was just a suggestion of well-controlled flesh around the hips, and a few well-chosen wrinkles near the eyes.

It's necessary that personal shopping or personal service bureaus temporarily act as supervisors in special cases where people from various departments are assembled for united action. As soon as the emergency has been met, units return to their places.

For example, on the second floor in the silks is a pleasant gentleman who selects and measures yard goods exquisitely for customers. But just as he is about to help a lady choose a charming print for a summer frock, a call comes from the personal ser-



Soon a delighted youngster went away with six gifts, all bought for 96 cents

a Mediterranean cruise. They're leaving in an hour for New York. I need absolutely everything—luggage, clothing, tickets."

Wheels begin to turn. Departmental cogs click into position. There's speed, precision—and profit in the transaction.

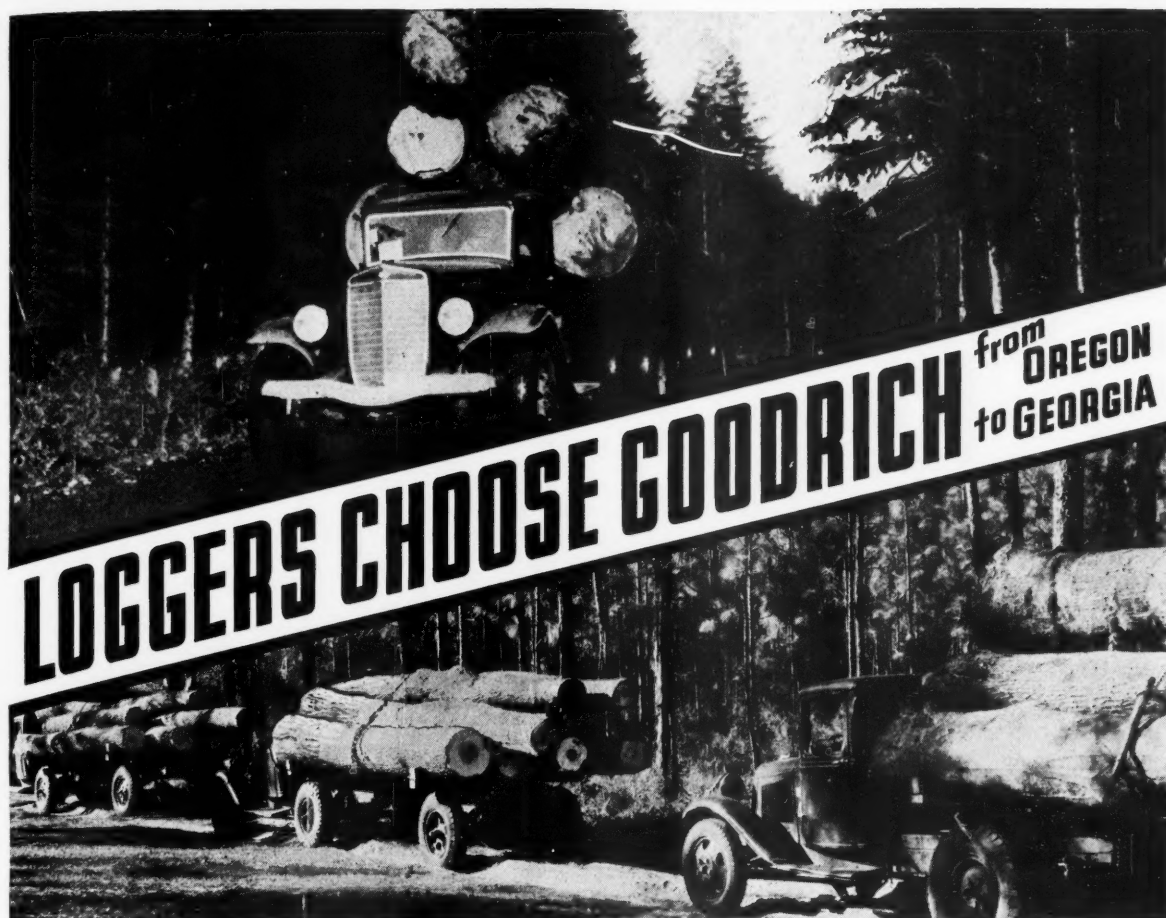
An experienced store shopper rushes her up to the fourth floor ready-to-wear, slips her into a booth, fits her to appropriate garments for the cruise—dresses, coats, lingerie, corsets. Outside the booth, a representative from the third floor travel bureau politely plans the itinerary.

"Cairo, Madam?"

"Certainly, include Cairo . . . ouch, Miss, that corset catches below the ribs."

Alert stores also have a working agreement with the stork. It's the only way to handle a situation like this one which comes up now and then:

"Those little embroidered things in your infants wear department—the darling pink satin-lined crib—oh,



YOU, TOO, CAN SAVE WITH THIS TRIPLE PROTECTED TRUCK TIRE

"Toughest job there is for tires!" That's what loggers will tell you about their operation. Trucks have to fight their way through cut-over-timberland, plow through sand and swamps in the south, find a foothold on icy hills in the north. Many a logging truck never sees a highway! All carry heavy, swaying loads that murder ordinary truck tires.

That's why dollar-minded loggers everywhere choose Goodrich Silvertowns. These tires are Triple Protected. They're made espe-

cially for the world's toughest hauling jobs. They ask no favors. Need no "second chances" to make good.

It's because Goodrich Truck Tires have a new invention built into the sidewall—a 3-way check against blow-outs and breaks. This protection actually checks 80% of premature failures! It makes tires wear longer. It cuts down on delays—saves on repair bills. No wonder loggers choose Goodrich.

Whether it's a load of logs—or pork—or paper—whether you travel country

roads or broad highways, the same Triple Protection that makes Goodrich Tires

stand up in the lumber industry will make them stand up longer for you.

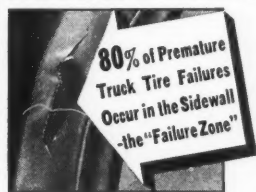
HOW TRIPLE PROTECTION WORKS

1 PLYFLEX—distributes stresses throughout the tire—prevents ply separation—checks local weakness.

2 PLY-LOCK—protects the tire from breaks caused by short

plies tearing loose above the bead.

3 100% FULL-FLOATING CORD—eliminates cross cords from all plies—reduces heat in the tire 12%.



© 1936, The B. F. Goodrich Co., Akron, Ohio.

Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

vice bureau. The store host wants him in a hurry.

"A visiting sheik from Morocco—can't understand a word he's saying—"

The silk salesman leaves his rôle of clerk for the moment, and appears at the host's elbow, a bowing, smiling assistant host. He understands the sheik's language, talks fluently with him. Not only that, but, by the light of Allah, has gone to college in the East with the sheik's uncle! Everything goes along smoothly—simply because the personal service bureau got in touch with the personnel department which keeps complete records of languages spoken by employees.

Wise stores help the humble as well as those who can pay for service. These dividends are of the solid-gold, diamond-edged variety which cannot be measured.

"Did you hear how the Emporium

helped Mrs. Smith find her brother who has been gone for years?"—"Isn't it wonderful the way the Emporium found Mrs. Smith's long lost brother?" "Have you heard—"

News of this type travels fast—a great deal faster than 50 lines of advertising in a newspaper—a great deal more vividly.

A six-year-old toddled up to a store, recently, and placed a handful of pennies and nickels on the counter.

"I've saved up 96 cents. I want to buy a Christmas present for my mother, father, and four brothers."

Soon afterwards a delighted youngster was sent on his way with six appropriate gifts, all elaborately done up in tissues, boxes, ribbon and seals. The child proved to be a resident of a foreign community, solidly loyal to one another. The neighborhood heard about the incident. The entire section has swerved over to the store in a way big enough to notice in the

receipts. Yet, it took only a half hour, the sympathetic interest of a personal shopper and a few cents in wrapping materials to win the community.

"Listen, you phone my wife and tell her I actually waited here for a full hour. You saw me. She won't believe a word I say. I'm sunk if you don't."

Or—

While other customers all around selected spools of thread, a new pair of hose or a package of soap flakes—or determinedly worked for bargains in the January White Goods Sale—a middle-aged gentleman said:

"I lost everything in the crash. Now I have an opportunity to win my way back—providing I have the right setting of substantial prosperity for about three or four hours—new clothes, good jewelry, a car and chauffeur. I wish to drive to the offices of my prospective employer."

He had fine references, his past
(Continued on page 64)

Vaudeville's New "Angel"



The song hit of the show, by actors from relief rolls, had a refrain: "I don't want to work; work don't bother me"

A juggler on a unicycle seemed to have some merit as Director of the Budget



THE WPA Theater Project has taken actors and perhaps some would-be actors off the relief rolls and is sending them about the country in vaudeville troupes.

One of these recently entertained in Washington for a Sewing Division of another WPA activity. The skits included tap dancing, tin pan music, juggling, singing, and a magician's act. The juggler balanced himself on a unicycle, a bicycle with only one wheel, and at the same time balanced other articles on his nose.

Admission to this show was free.

The Government's vaudeville activity is under Federal Director of Theater Projects Mrs. Hallie Flanagan. Eddie Dowling is director of vaudeville.

Washington headquarters records show 21 troupes engaged in vaudeville, but it was explained that they are administrated through state directors and part of the 21 may be subdivided.

The whole Theater Project had \$6,000,000 allotted to it and is financed until May 15, although the theater administration hopes it will be extended.

FOR NATION'S BUSINESS BY HAMMER

"Now we *lithograph* all of these pieces in our own office— **AT SURPRISING SAVINGS!"**

Close at hand—within your own offices—lie many waiting opportunities to stop the flow of many dollars into *expense* and add them to your *profits*, every month and every year.

Like a vast number of others, with requirements similar to your own, you can produce up to 85% of the printing you need—with MULTILITH, simplified lithographic process for office use—at low costs never before possible.

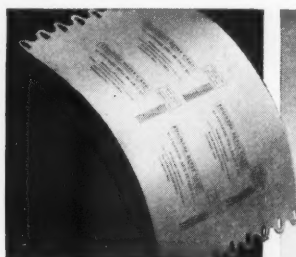
Your own employees can quickly learn its operation and save up to 60% while turning out high quality work that meets your high standards. They can eliminate overstocking and minimize waste. They can save you storage space.

In one or more colors, and at high speed, they can print letterheads, invoices, statements, folders, booklets, catalog pages, price lists, bulletins, cards and other office, store or factory forms. They can make it possible for you to *increase* your sales promotion without adding to your budget.

Ideas transformed into printed pieces in less than an hour!

With MULTILITH you can take advantage of quick action and speed out sales-making advertising to prospects and customers on the day the idea is born. You can flash news of new products, price changes,

special offerings and other information to salesmen, dealers and others within an hour or two. You can meet emergencies inside your business and quickly produce many kinds of forms for special purposes.



Copy for printing can be placed on Multilith flexible plates in any of three ways. You can write, draw, trace or rule on them. You can typewrite on them. Or illustrations and type matter can be applied to them photographically. Then from these plates, on MULTILITH, you can quickly produce quantities to meet your needs—small quantities economically and large quantities with greater savings.

Multigraph Representatives will gladly discuss MULTILITH savings with you. Or write on business stationery for Booklet 29, to Multigraph Company, Division of Addressograph-Multigraph Corporation, Cleveland, Ohio. Offices in principal cities of the world. Office duplicating, printing, lithographing, typesetting and folding machines. Prices as low as \$145.00, sold on convenient terms.



Multilith

A MULTIGRAPH
PRODUCT

TRADE MARK

No Business Can Escape Change

New times beget new needs, new needs new products. Here are a few of the latest

Window panels comparable to stained glass are afforded by a new translucent marble. It can also be used in connection with ordinary electric lights to afford novel luminous architectural elements. . . .

A band of dark-colored mineral is built into the surfacing of a new shingle, giving a deep shadow effect at the butts which enhances appearance of the roof. . . .

An electric torch has been developed for burning off old paint, in place of the conventional blow torch. It's said to reduce danger of fire and of scorching the wood. . . .

Decorative, colorful shelf edgings of cellulose film, pleated and bound at the top edge with tape and finished in a scallop at the bottom, are now available. . . .

There's a new gadget for milady's dressing table—a compact, decorative little machine which trims and polishes fingernails electrically. It operates on alternating current. . . .

Space is conserved by a new folding drying rack for lingerie, hose, etc., which affords 20 feet of "line" and fits atop any bath tub. Shower curtain can be drawn to conceal the wash. . . .

A new wool-like moth preventive affords mother moth an inviting nest but contains a devitalizing agent said to render eggs unhatchable. . . .

Blades of a new noiseless, guardless electric fan are of tough, molded rubber, rigid enough to throw an air current, soft enough to be harmless to fingers. . . .

Means for slicing, mincing, cutting, shredding, or grating vegetables are combined in a single new kitchen utensil. It is described as stainproof, with no sharp points to scratch fingers. . . .

A new, small, cylindrical electric water cooler is offered for office, store or home use. It's available in bottle or pressure types, cools 1½ gallons of water from 80° down to 50° per hour. . . .

Telephone cords are kept kinkless by a new device—a spiral tubing of live mechanical rubber which encloses the cord. . . .

Business coupe model of one popular car is quickly changed into a commercial car for light hauling through a conversion unit, embodying metal sides and tailgate, which locks into and enlarges the rear compartment. . . .

A plastic of high tensile strength and elasticity is used as filler in a new laminated safety glass which, once cracked, stretches and bends under further impact. It's also described as impervious to discoloration by sunlight. . . .

A new bulb for signal or auto stoplights blinks constantly while in operation. It is a self-contained unit, installed simply by slipping it in the socket in place of the ordinary bulb. . . .

An electric signal flare which does not deteriorate through non-use and is unaffected by cold or moisture is offered. It's a sealed unit which, once started, burns 36 hours. . . .

Water and power costs on commercial refrigerating and air-conditioning installations are said to be cut, necessity for cooling towers eliminated by a new evaporative condenser. . . .

Sludge is kept from plating baths by a new filter bag which encloses the anode. It consists of two cloth bags, one inside the other, with a layer of filter paper between. . . .

A one-hand portable electric screw driver, weighing but 3½ pounds and measuring 10½ inches overall, which drives all sizes of screws from No. 4 to No. 12 is now on the market. . . .

A new, small carton sealer, for stapling overlapped flaps of corrugated containers, has an S-shaped anvil which slides along the flap, permitting stapling from end to end in one operation. . . .

A quick-drying stencil ink which is said neither to settle nor to clog brushes and stencils is now offered. It is available in a variety of colors. . . .

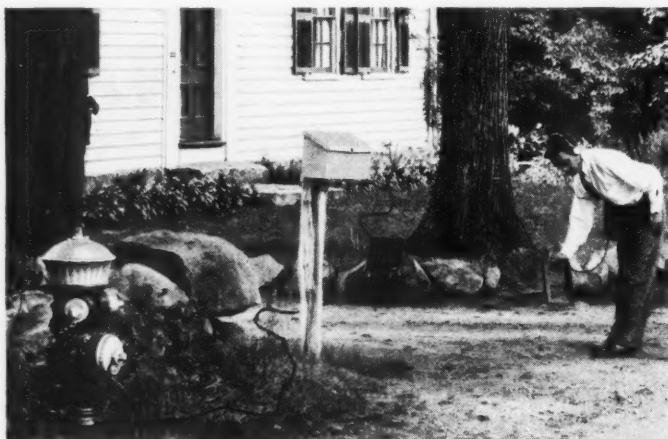
Described as radically different in structure, a new printing ink is said to give sharper print, to dry in a split second under heat or at moderate speed in the pile. Offset, use of traveling tympan, slip sheets are eliminated in either case. . . .

Glass fibers compose a recently developed filtering medium, designed for use in the chemical industries for the filtering of solids from acids to which only glass is impervious. . . .

Greater reflectivity, freedom from discoloration are claimed in a new front surface mirror. Reflecting surface, deposited on the front of the glass by a new process, requires no protective lacquer. It's adapted to use in film projectors, etc. . . .

A new projectile for use with tear or nauseating gas has a range of 500 yards, high accuracy to above 100. It's fired from a 37 mm. shoulder gun, is torpedo-shaped, has a finned tail. . . .

A new, waterproof gummed-paper tape consists of double kraft paper interlined with asphalt and reinforced with jute strings. Four strings run the length of the tape, a fifth snakes across its breadth. . . .



Buried pipe is said to be exactly located, regardless of character of ground or presence of other pipe, by a new battery-operated finder

New textile-finishing product: a non-flammable, light-stable, heat-resistant cellulose derivative, soluble in many cheap solvents, miscible with most plasticizers, oils, resins. It forms tough, flexible films that withstand laundering. . . .

A new, small battery-operated inhaler for treatment of nasal irritations is shaped and carried like a fountain pen, has a bulb which vaporizes a specially formulated liquid. . . .

Two new popular priced watches: for men, a breast-pocket model with sewed leather casing which secures to the lapel by a matching thong; for women, a luminous-dial purse and traveling model with a square, compact-like case which also serves as a stand. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

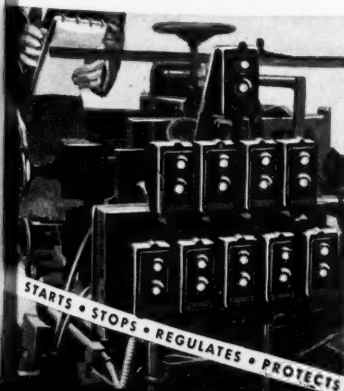
GRAVEYARD

FOR A MILLION LETTERS

Every year more than a million letters are destroyed by the "dead letter" office of Uncle Sam's postal system. You, of course, know what "dead" letters are . . . wrongly addressed, undeliverable mail . . . mail gone out of control. Whenever anything goes out of control it means waste. The power of Industry's electric motors does its job only when properly controlled. That is why Motor Control is so important. Good Motor Control prevents breakdowns, saves time, improves workmanship, speeds production, protects men, motors and machines. Isn't it foolish to endanger a vast investment in machines and huge payrolls just by taking any kind of Motor Control. It costs no more to have Cutler-Hammer. Wise executives specify it rigidly for every Motor drive. CUTLER-HAMMER, Inc., *Pioneer Manufacturers of Electric Control Apparatus*, 1251 St. Paul Avenue, Milwaukee, Wis.



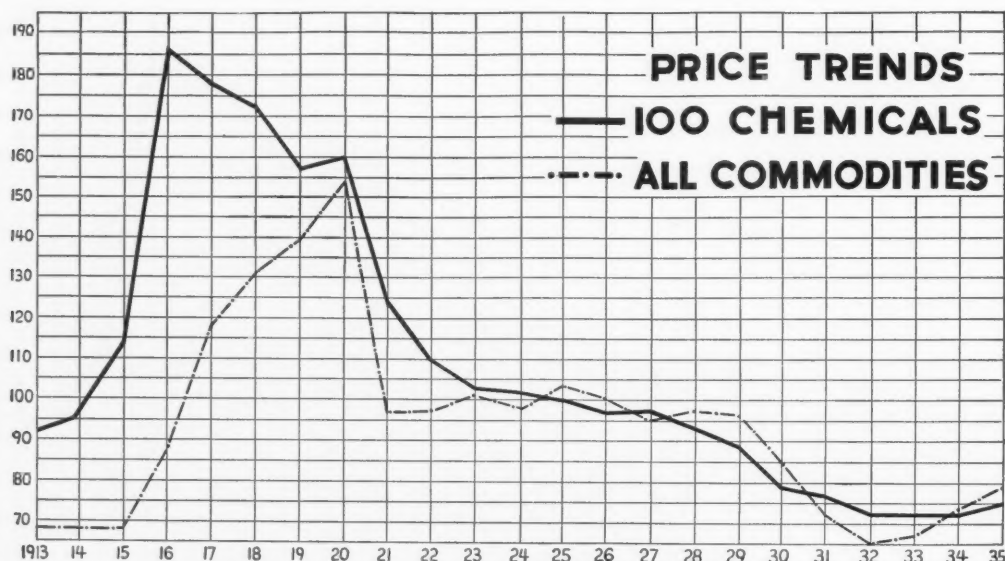
CUTLER-HAMMER MOTOR CONTROL



What is MOTOR CONTROL?

Sometimes a group of buttons on a machine, sometimes a box on the wall, sometimes a whole room full of panels . . . Motor Control comes in a thousand different forms. Regardless of size, it starts, stops, regulates and protects motors and machines . . . four important duties.





Chemicals, like other commodities, are subject to the laws of supply and demand but, unlike natural products, they are not affected by drought, pests or storm

The Chemical Revolution¹

By WILLIAMS HAYNES

Author of "Men, Money & Molecules"

FASTER than any other science, chemistry is extending the bounds of knowledge. Faster than any other industry, the manufacture of chemical products is increasing its yearly output, diversifying its products, becoming more and more important in our economic system and almost daily bringing to each of us, as consumers, better, cheaper goods.

In a general way, every one today appreciates the growing importance of our chemical industry. It was not always so. Chemical manufacturers are as talkative as the Sphinx when it comes to discussing new processes and new products. Even the simplest of their operations appears mysterious to the layman.

Most people have almost no direct contact with chemicals as such. About half a million tons of soda ash were used in the United States this

CHEMISTRY is one of the youngest sciences and yet it is continually making five important contributions to industrial economics. Just what these contributions are and how they are affecting everyday life and business are explained in this article

year to make glass; more than 160,000 tons of caustic soda were used in producing rayon; more than a million and a half tons of sulfuric acid were used in making fertilizers; but, although all of us use glass and wear rayon and eat foods raised by the aid of those fertilizers, few of us ever see or touch a bit of these three common and important chemicals.

All of which is, of course, only a different way of saying that more than 98 per cent of the chemicals produced in the United States reach the public in forms that completely hide their chemical origin.

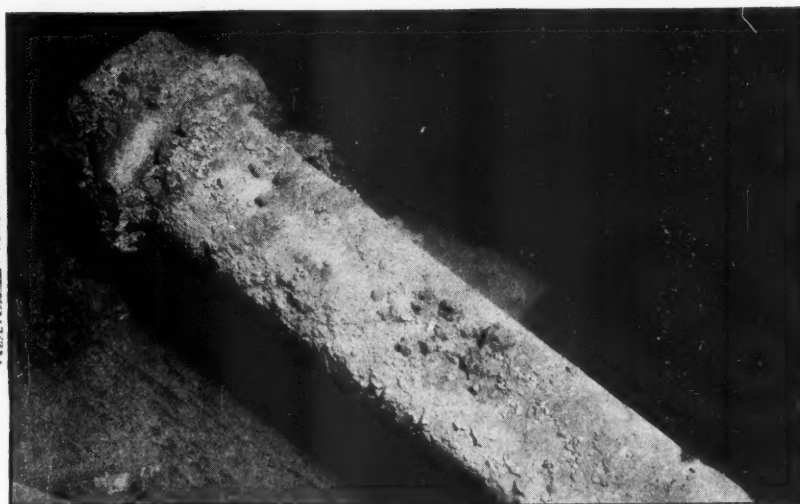
You and I do buy a few gallons of

chemicals as an anti-freeze or for use as a cleaner; and we may take a little bicarbonate of sodium "for the stomach's sake." Many of the chemicals we buy and use come to us in packages under such trade-names as "Prestone," or "Energine" or "Carbena." As we generally buy them in the drug store, the general public, until recently, thought of the chemical industry in terms of the corner pharmacy.

The World War changed all this. It taught the man on the street—more than that, it even taught the statesman and the brigadier general—the importance of chemicals in our

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PHILADELPHIA'S *mains for* *water distribution are* **98.3% CAST IRON PIPE**



The following tabulation shows the percentage of cast iron pipe used in the water distribution systems of the 15 largest cities in the United States as reported by their Water Departments.

CITY	PERCENTAGE
New York	97.2
Chicago	100.0
Philadelphia	98.3
Detroit	98.7
Los Angeles	74.0
Cleveland	98.9
St. Louis	98.7
Baltimore	99.7
Boston	99.8
Pittsburgh	97.9
San Francisco	76.8
Milwaukee	100.0
Buffalo	99.8
Washington D.C.	98.8
Minneapolis	95.8

Section of 106-year-old cast iron water main still rendering satisfactory service in Philadelphia's distribution system.

INCLUDED in the 2471 miles of pipe in Philadelphia's water distribution system—98.3% cast iron—is the oldest cast iron water main in America, functioning satisfactorily after 114 years of service. With a peak consumption of 378 million gallons daily, Philadelphia's system has a pumping capacity of 705 million gallons daily of raw water from the Schuylkill and Delaware Rivers. There are more than 110 acres of slow sand filter beds.

The average percentage of cast iron pipe in the water distribution

systems of the 15 largest cities in the United States is 95.6%. Cast iron pipe is the standard material for water mains. It costs less per service year and least to maintain. Its useful life is *more than a century* because of its effective resistance to rust. It is the one ferrous metal pipe for water and gas mains, and for sewer construction, that will not disintegrate from rust.

For further information address The Cast Iron Pipe Research Association, Thos. F. Wolfe, Research Engineer, 1014 Peoples Gas Building, Chicago, Illinois.

CAST IRON PIPE

METHODS OF EVALUATING BIDS NOW IN USE BY ENGINEERS



RATE THE USEFUL LIFE OF CAST IRON PIPE AT 100 YEARS

TRADEMARK REG.

modern world. In fact, the chemical industry received a spanking overdose of publicity, so that now every Government is determined to have a complete and self-contained chemical industry of its own.

The average man has the idea that the chemical industry can take the cheapest and most abundant raw materials, toss them into a vat and draw off costly products for which there is a great demand—gasoline from sea sand, for example, or rubies from peach pits.

New materials

LET us, therefore, consider for just a moment this business of making chemicals. In the first place, it is a straightforward business, governed by the same laws of supply and demand and diminishing returns which govern any business.

And yet, in three important ways, the chemical industry differs basically from all others. All manufacturing may be divided into two great groups, the chemical and the mechanical industries, the process industries and the fabricating industries. This distinction is fundamental.

Plainly, the first great difference between the process and the fabricating industries is that the chemical industries deal with chemical changes. Accordingly, at every step they produce a new main product which is a distinct chemical material. Along with it they also get, willy-nilly, one or more by-products which are themselves quite different and distinct materials.

Thus, every chemical operation creates its own problems of main products and by-products; and raises, at the same time, a new problem of varying yields. While proverbially the tailor must cut his coat according to his cloth, nevertheless he can do so confident that no other tailor can cut more coats out of the same amount of cloth.

The chemical manufacturer has no such comfortable assurance. Variations in the quality of his raw materials; different processes or apparatus; a few pounds of pressure or degrees of temperature or even seconds of time, all these affect the chemical results obtained and mean varying yields. Varying yields mean differences in cost, sometimes so serious that the most efficient chemical pro-

ducer is able to sell at a price which spells a profit to him and a loss for his less fortunate competitor. For this reason, the chemical maker is forced, whether he wants to or not, constantly to carry on research to find the most improved process and the most economical raw material. Thus, the spur of competition, in chemical industries, becomes the mainspring of progress.

Progress is continuous

THIS progress may come either in a new process or a new product. Technological progress is continually making available cheaper raw materials, shortening the time of chemical operations, increasing the efficiency of chemical reactions. Material progress is constantly perfecting new chemical compounds.

Here we arrive at the domain of these new synthetic chemical materials, with, I trust, some fairer comprehension of the different competitive conditions that all chemical industry faces, an economic handicap to stability and profits which has been conquered, not by holding back technological progress, not by trying

to get big prices for restricted outputs, not by being content to sell "the old line to the old customers"; but by constant research to lower costs and improve products, by selling more and more chemicals for less and less money, by boldly invading new fields.

Chemistry is one of the youngest of the sciences. It emerged from the ancient alchemy only 150 years ago when chemists began to take materials apart to find out what they were made of. Having explored the composition of all sorts of substances for half a century, a few smart chemists began to turn this process of analysis inside-out and to put the elements together into new combinations. This is the process of synthesis upon which great industries have been built.

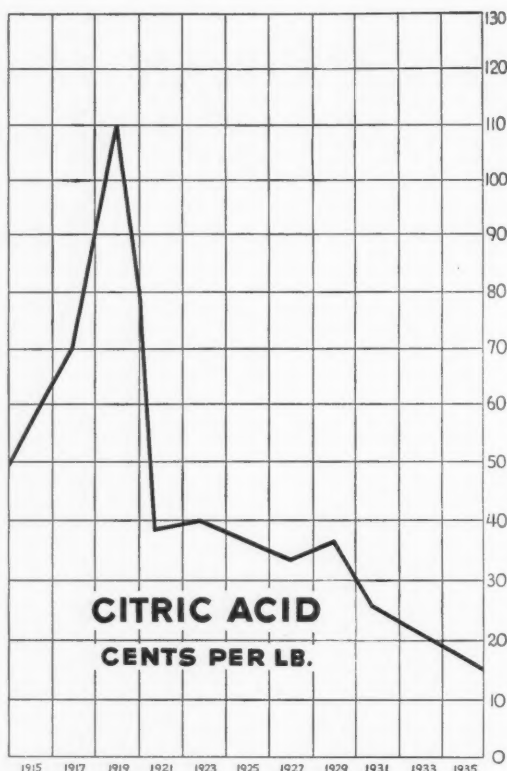
By everyday use we have stretched the meaning of this good scientific word all out of shape so that it now covers two different types of substances. A synthetic may be the chemical duplicate of some natural material. Indigotine, made from coal-tar, is identical with the indigotine that is the active coloring principle of the indigo plant. So-called synthetic alcohol, made from ethylene or petroleum or natural gas, is the same material that is obtained by the natural fermentation of starch or sugar.

A synthetic may, on the other hand, be a substitute for some natural material and yet bear it no close chemical relationship.

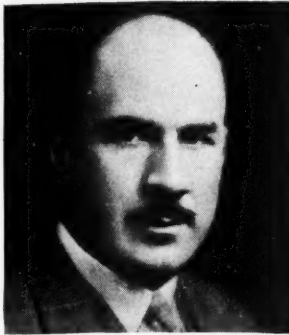
In this class we have most of the synthetic gums and resins, flavors and perfumes, dyes and drugs. In this group are many substances which possess unique and extremely useful chemical or physical characteristics.

Of this category are the sulfonated higher alcohols, nick-named the soapless soaps; the phenol-formaldehyde plastics, such as nitrocellulose compounds as Celluloid and Cellophane.

When a new synthetic material appears on the market, whether it is the chemical twin of a natural product, an acceptable substitute, or some unique creation of the test-tube, it comes into direct competition with a material, natural or synthetic, already in use. The world is but little interested in how it is made or what it is made of; but it is critically interested in what it costs and what it



The price trend of citric acid demonstrates that chemical prices tend steadily downward



This is Edwin L. Wiegand
President of the Company

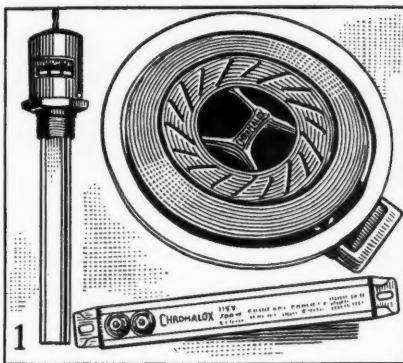
ABNORMAL CONDITIONS ARE NORMAL FOR US



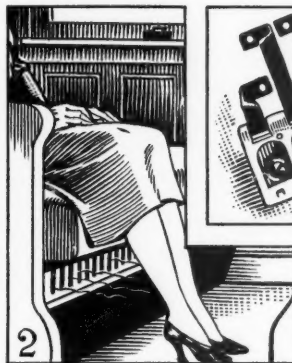
And this is A. P. Wiegand
V. P. and Plant Manager

**Our customers never seem to make ordinary demands
on Chromalox equipment, say the Wiegand Brothers**

President and Plant Manager of Edwin L. Wiegand Company



1. Let these two men tell you why they use Monel Metal. First, E. L., the President: "Chromalox Heating Units are made in many types for many widely differing uses. To name just a few, they heat industrial ovens, steel mill rolls, railroad cars, domestic hot water, and the oil in aeroplanes. They're used in electric ranges by a score of manufacturers who sell to hotels, restaurants and private homes."



2. Then A. P.—"And don't forget that for many of those uses constant vibration, power overloads and fluctuating current are all in the day's work."

3. E. L.—"We use Monel Metal in over 60 different small parts such as bolts, nuts, washers, pins, and fastenings. Those parts are exposed to rust and corrosion, often at high temperatures that would

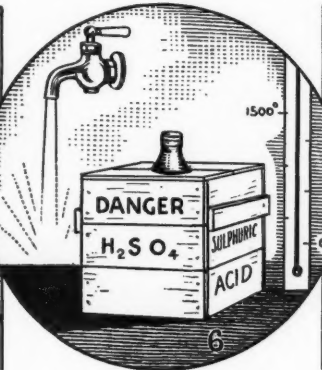
accelerate oxidation. Monel Metal holds its strength at high temperatures, without corroding or oxidizing. So it enables us to maintain tight connections at terminals and lead-ins."

4. A. P.—"We also needed a metal that could be readily stamped and drawn. Monel Metal fills the bill without damage to our expensive dies."

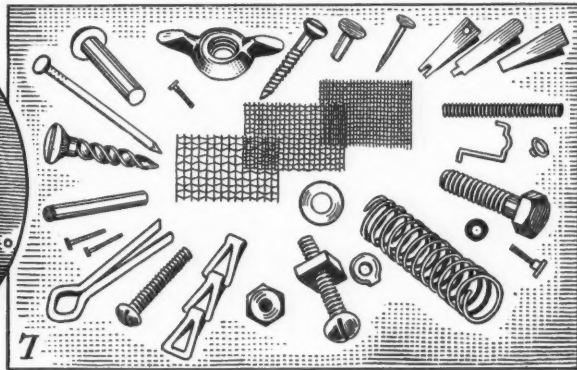


5. E. L.—"Use of Monel Metal insures those parts against deterioration which would result in a drop in efficiency of the heating unit."

6. E. L. and A. P.—"Our industrial units are widely used in the presence of dampness, extreme heat and many kinds of acid—all of which are highly corrosive. Monel Metal resists a greater range of corrosive conditions than any other single metal or alloy."



7. INCO—You probably realize the extent to which machines you use or products you sell depend on small and often hidden parts and fastenings. Use nuts, bolts, washers, brackets, springs, chains, braces, screws, nails, tacks, cotter pins, rivets and



other fastenings of Monel Metal. When these small but important parts are made of Monel Metal, you CAN depend on them always.

THE INTERNATIONAL NICKEL COMPANY, INC.
67 Wall Street New York, N. Y.

MONEL METAL

Monel Metal is a registered trade-mark applied to an alloy containing approximately two-thirds Nickel and one-third copper. Monel Metal is mined, smelted, refined, rolled and marketed solely by International Nickel.



can do. The ancient prejudice against chemical substitutes has all but vanished save in the field of foods. Twenty years ago synthetic fiber was introduced as a silk substitute (which it certainly was not), and there clung to rayon for years a connotation of cheap trickery that today it does not deserve.

Fifteen years ago, nitrocellulose lacquers appeared on our motor cars, not as a substitute varnish, but as a brighter, more durable, finish (which they certainly were). Within the past two years, so-called synthetic rubber has been offered with a frank statement of its properties. This "consumer acceptance" of the synthetics, as the advertising experts would say, marks a real triumph scored by these materials, direct evidence of their practical value. It also reveals a profound change in the average American's attitude toward the chemical industry and its products. What people think is important.

Synthetics have four advantages

JUST what values have these new synthetic materials contributed? What, in other words, is their function in our economics, their contribution to our industrial system?

Like other chemicals, these synthetic materials are, in the main, industrial raw materials, and as such, compared with the natural raw materials, they have four distinct advantages, two each connected with price and with quality. Furthermore, they give modern industry materials of definite composition possessed of unique chemical and physical characteristics. Finally, they have rendered two broad economic services in breaking several natural monopolies, long skillfully exploited at the expense of the rest of the world, and in releasing land and labor, formerly devoted to industrial materials, for the purpose of growing food.

In reviewing these five important contributions to our industrial economics—price, quality, unique properties, breaking of natural monopolies and conserving natural resources—I propose to exemplify each by the story of a different synthetic material. Thus, we can most quickly and clearly judge these values and at

the same time understand how these materials are being used.

The price of any natural raw material is prey to many powerful influences over which the producers have little or no control. Drought or hurricane or insect pest result in crop failures that run prices up. Excessive planting or extraordinarily favorable weather conditions bring in a bumper crop that depresses prices. Furthermore, many important natural materials come from the ends of the earth—gums from Australia and Arabia, oils from the South Sea Islands and Manchuria, waxes from Mexico and West Africa—and to the acts of God are added the deeds of men, fluctuations in the value of exchange, wars, revolutions, and market speculation. How violent the price fluctuations in a natural material may be, how arbitrary, how contrary either to the general trend of all commodity prices or to the normal demand for the material in question, are illustrated by the price of tung oil during the depression.

That illustrates graphically the wild fluctuations in price of a natural material untempered by competition with a synthetic. Vanilla versus va-

nillin illustrates what happens when the land comes into direct competition with the laboratory.

The Spanish conquistadores brought back not only Inca gold and featherwork, but two beans, the cacao and the vanilla, which to this day are important exports from Mexico. The vanilla bean, used extensively as a flavoring material, grows on a vine that reaches maturity in three years and after eight years ceases to yield commercially profitable crops. Each season the vines must be carefully trimmed and young plants continuously brought along to replace the outworn stock. Though Mexico still produces the most favored beans, vanilla is cultivated in many parts of the semitropics, and the French island of Madagascar has become the single most important commercial center.

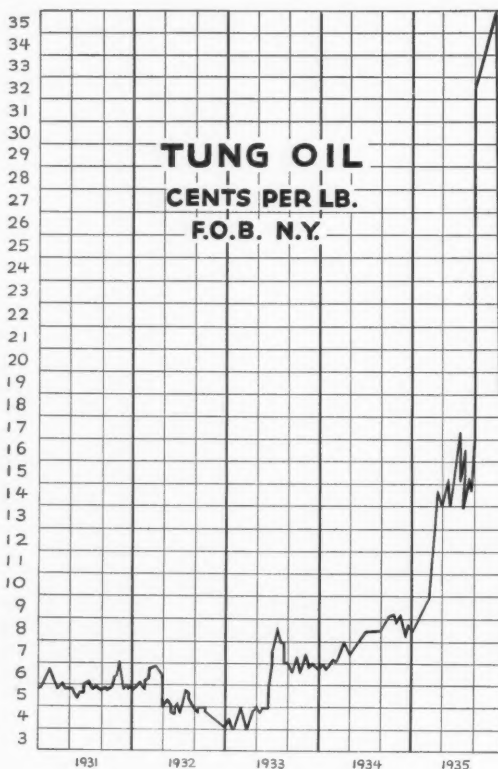
Back in 1875, de Laire in France and Tiemann in Germany almost simultaneously patented processes by which vanillin, identical chemically with the vanillin which is the active flavoring principle of the natural bean, might be manufactured. Within the year, synthetic vanilla appeared on the market at \$80 a pound. In the course of 50 years, this price was brought down to \$8. Vanillin made from beans was even cheaper.

Prices help synthetics

JUST at this time, in 1924, a revolution in Mexico and bad weather in other growing centers gave the Madagascar planters a corner on the market. They ran the price up from \$1 to \$9 a pound. Their perfectly human selfishness had two results that only now, 12 years later, are exerting their full effects. They greatly stimulated the planting of vines in all the growing countries and, in the consuming countries, they encouraged the substitution of vanillin for vanilla. By 1927, the vanilla crop had roughly doubled and by 1932 the price dropped to 50 cents a pound, at which figure it hardly paid to pick and cure the beans. During these five years, all the new plantations were steadily neglected and no young stock was being grown.

Last year an acute shortage of vanilla beans developed, and the price rose sharply to \$3.50 a pound. But note that the peak price

(Continued on page 56)



The price of tung oil shows wide fluctuation.
No synthetic material competes with it

New Kind of AIR CIRCULATION

Brings LOW-COST COOLING!



GUTHFAN Conditionaire Cools by New Principle!

PREPARE now for a *better kind of* summer in 1936! Install patented Guthfan Conditionaires in your home, office or store and enjoy the most comfortable, pleasant and productive summer of your life! Low-cost cooling is here!

Guthfan Conditionaire draws up **COOL** air from the floor and spreads it throughout the room, while trapping the hot air next to the ceiling.

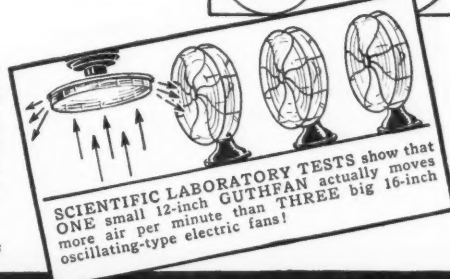
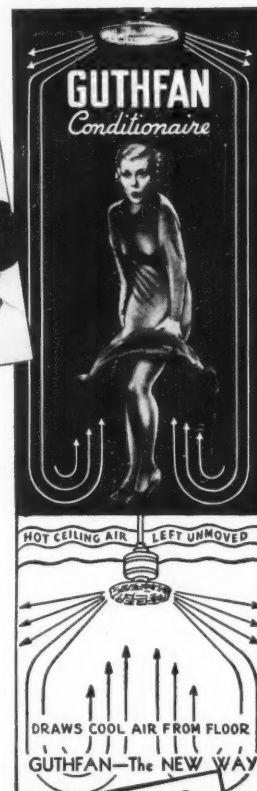
No Blast—No Draft

Immediately you feel delightfully cool and comfortable . . . work better . . . **ARE** better. The gentle, *no-draft circulation*

of cooling, invigorating air makes summer comfort a reality!

Thousands of installations, in homes, offices, stores, hotels and public buildings have proved Guthfan Conditionaire sensationally effective. Increases hot weather comfort and efficiency . . . stimulates summer business!

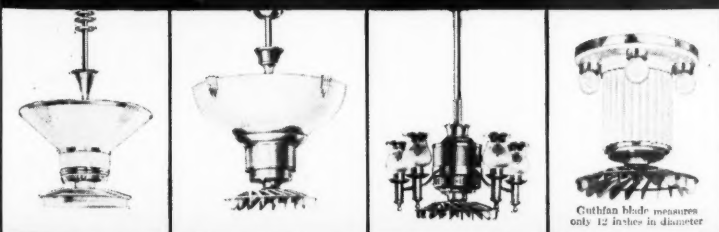
You will be amazed at the low cost of Guthfan Conditionaire. Greatly increased production has permitted us to cut prices materially this year. Furnished fan only or combined with lighting fixtures as shown. Many other attractive new models. Investigate this revolutionary cooling method! Use the coupon below!



GUTHFAN Conditionaires are furnished with or without lighting fixtures

GUTHFAN Conditionaire

THE EDWIN F. GUTH CO.
St. Louis, Missouri



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CITY STATE



ALL PHOTOS FOR NATION'S BUSINESS BY HAMMER

For eight hours members of the House Ways and Means Committee listened, as members of the Chamber's Committee on Federal Finance discussed the proposed tax measure

Light on the Federal Tax Bill



Ellsworth C. Alvord



H. B. Fernald



Roy C. Osgood

WHAT was announced as a "simple" tax measure was found to be most complex when representatives of business appeared before the House Ways and Means Committee and pointed out the fundamental weaknesses in the proposals, the difficulties involved in applying them and the disquieting effect they would have on business.

Even proponents of the measure acknowledged the disturbing consequences of enacting the President's scheme for remaking the corporate tax system.

Representatives of the Chamber of Commerce of the United States made the closing arguments against the tax proposals at the committee hearings, requiring nearly eight hours to present their statements.

The Chamber's criticism started from the premise that the Government should not increase taxes until a definite fiscal program is developed that will embrace a balanced budget. The first consideration in such a program, it was argued, should be a drastic cut in government spending as it is not possible to devise a bearable revenue system to sustain present expenditures.

From this point, the Chamber spokesmen took up different aspects of the proposal.

Five members of the Chamber's Committee on Federal Finance made the presentation. They were:

Chairman Fred H. Clausen, president, The Van Brunt Manufacturing Company, Horicon, Wis.; Ellsworth C. Alvord, former special assistant to the Secretary of The Treasury, Washington; Roy C. Osgood, vice-president, First National Bank, Chicago; H. B. Fernald, Loomis, Suffern & Fernald, New York; and Raymond H. Berry, Berry & Stevens, Detroit. W. Dale Clark, president, Omaha National Bank, Omaha, Neb., another member of the



Fred H. Clausen



Raymond H. Berry

"WILL THERE BE ANY LEFT WHEN I DRIVE A CAR?"

NO WONDER he asks "Will there be any left?" For the world today spins round on petroleum.

Ten years ago there was widespread concern about a petroleum shortage. Today it is known there will be no shortage of motor fuel in our lifetime, or our children's or grandchildren's. Oil companies have been spending from ten to twelve million dollars a year on research to conserve the supply, improve quality and reduce prices.

One improvement alone, a refining process known as "cracking," has saved the equivalent of 6,600,000,000 barrels of crude oil since 1920. Deeper drilling has opened up untouched fields—it is now possible to drill to a depth of over two miles. More efficient recovery methods are taking oil from pools that once would have been abandoned.

More oil is being discovered all the time. Ten years ago the known U. S.



supply was figured at 5,321,000,000 barrels. Since then more than one and a half times that amount has been taken from the ground, yet the known supply today has expanded to 12,000,000,000 barrels. And experts say that the quantity of oil still undiscovered is enormous.

Meanwhile gasoline has steadily improved in quality, making practical the efficient high compression automobile engines of today. And the price per gallon, exclusive of taxes, is now less than half what it was 15 years ago.

In these improvements steel has played a vital part. Special alloy steels that withstand high pressure and temperature made possible the giant "cracking" stills. Tougher, harder steels assisted in the deeper drilling of wells. Stronger, rust-resisting steels helped lower transportation costs through 112,000 miles of pipelines, and countless tank ships, tank cars, tank trucks, pumps and underground reservoirs. Steel and oil are inseparably linked together. As the oil industry prospers and progresses, so does United States Steel.

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OIL WELL SUPPLY COMPANY • SCULLY STEEL PRODUCTS COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY
UNIVERSAL ATLAS CEMENT COMPANY • United States Steel Corporation Subsidiaries



UNITED STATES STEEL



RESERVE FOR CONTINGENCIES REACHES ALL TIME HIGH

**Brown Family Got A Fresh Start
From Household. Kept Ahead
Following Budget Plan**

● That look of panic is gone from the faces of the board of directors as they listen to the reading of this year's financial statement—"Hm-m-m!—Reserve for contingencies in the millions—that's a little different from scratching the till to meet the payroll!"

So says the Brown family, too. The arithmetic is different, but the struggle was the same. There was a time when Tom Brown was being hounded to death by creditors. Anne was afraid to answer the door or the telephone.

The Browns Got A Fresh Start

Then they heard about Household. On their own signatures they borrowed enough from Household to pay every creditor. That gave them a fresh start. Then Anne took over the handling of the money—followed out the recommendations of Household's "Doctor of Family Finances" regarding budgeting, buying.

Today there is a "reserve for contingencies" in the Brown Family—made possible first by Household's emergency financial aid, second by Household's scientific constructive cooperation.

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c/o HOUSEHOLD, Room 3052-E
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Please mail me free copy of one of the Household budget booklets that you distribute to families to help them get a fresh start.

Name
Address
City State

Chamber Committee, also was present.

Chamber witnesses presented their arguments under four main headings: Budget Aspects; Economic and Business Effects; Banking, Investment and Credit Aspects; Inequalities and Technical Difficulties. These arguments are summarized as follows:

The plan does not pretend to balance the budget—not even the regular budget—and it is believed that it would not produce the additional revenues estimated by the Treasury.

It would present grave administrative difficulties.

It would increase tax litigation as it will mean more tax complexities.

It would attempt to remake the whole present structure of corporate taxation on short notice in a year when national recovery hangs more upon business stability than upon any other factor.

In its main outlines, it has been rejected in other countries.

It would raise the peaks of federal revenue in years of prosperity and deepen the valleys in years of depression.

Surpluses are useful

THE plan fails to recognize the true nature of corporate profits and earnings of corporate surpluses and the economic value of accumulating surpluses when earnings are good for subsequent expenditures or distribution. It disregards the fact that corporate surpluses generally are not "idle" but are engaged in production, trade and investment.

It would halt the accumulation of reserves by those corporations which would retain such of their earnings as may be necessary to build up working capital or provide for expansion and growth.

It would favor the well established, fully financed corporations at the expense of the smaller industries.

It ignores the fact that a business concern which is expanding its facilities or increasing its volume of sales needs more money.

It would hamper the capital goods industries whose progress depends largely upon the availability of capital in the hands of other industries.

It disregards the fact that corporations will have to pay such heavy levies as the Social Security Act taxes, even if they have no net income. It also disregards the existence of other high excise taxes (federal, state and local).

It would tend to substitute public control for private management in important fiscal operations of business.

It would tend to induce corporate expenditures that would be permissi-

ble deductions from gross revenues.

It would make the corporation the target of government exaction instead of recognizing that it is the means through which private employment and economic stability can be restored.

It would arrest the establishment and development of new enterprises.

It would be made more difficult for small concerns to grow by reinvesting earnings—the only practicable means open to them—and for larger concerns to obtain funds.

Credit would be impaired

IT would tend to impair the credit of existing corporations, add to the tax burden of companies with impaired credit or outstanding debt, increase fixed charges as greater dependence had to be placed upon borrowings, and add to the number of bankruptcies in periods of depression. It would also curtail credit extensions between business firms. It would lessen the stability of dividend payments to stockholders.

Corporations in receivership, although in active competition with other corporations, would pay a tax of 15 per cent; whereas, the tax liability of their competitors would be greater or less, contingent upon dividend-paying ability.

The corporation which possesses an adequate surplus would be in a position to escape all taxation by distributing all its net income; whereas its competitor, less favorably situated and financed, would be compelled to pay substantial taxes.

A corporation having an impaired capital would pay a tax of 22½ per cent of its net income, while its competitors might entirely escape taxation, or pay a substantially smaller tax.

The corporation with a contract obligation would likewise be less favorably situated than a corporation privileged to pay dividends.

A corporation compelled by sound business policy to retire indebtedness out of earnings and profits would be penalized severely as compared with a corporation which has no debt or is sufficiently strong financially to make other provisions for debt retirement.

A corporation selling on a cash basis might be much more favorably situated than a corporation selling on credit.

An affiliated group of corporations might be more favorably treated than separately owned corporations.

Corporations whose stockholders are able to purchase additional stock would distribute all their earnings and pay no taxes; but corporations with stockholders less fortunately

situated would be forced to shoulder substantial tax burdens. Tax liabilities would be greater in the case of corporations requiring funds for replacements, additions, betterments and expansion, and forced to finance the expenditures in whole or in part out of earnings and profits.

The greater the hazards of the enterprise the greater would be its tax liabilities, because sound business policy would compel it to accumulate earnings to meet future losses.

Corporations requiring a relatively small investment would be in a position to distribute substantially all their income; whereas, corporations with large investments must provide for replacement.

Corporations engaged in long-term operations would pay greater taxes than corporations earning a reasonably steady annual income.

The proposal would retard the growth of competition and would tend to aid, if not create, monopoly.

The small shareholder would be forced to withstand the higher tax if the directors of his corporation withhold anything over 30 per cent of the corporation's earnings. His tax would not be levied according to his income class, but according to the dividend policy of the directors.

The poorly advised would suffer terrific penalty, and the well advised might escape tax free.

There is no equality when income is subjected to a graduated tax, based merely on size of income or on dividend distributions.

Because of obvious inapplicability of the proposal to some lines of business, the plan discriminates in their favor, even when such businesses are profitable.

The proposal presents double and multiple taxation.

The plan would add endless difficulties to the present complexities of computing taxable net income.

Figures are arbitrary

THE "net income" upon which the proposed tax is to be imposed is admittedly an arbitrary figure, computed under the provisions of the revenue laws, regulations of the Treasury, and the decisions of the Board of Tax Appeals and the courts.

On the other hand, a corporation's "earnings and profits" are computed according to sound accounting principles. Dividends are payable out of "earnings and profits," not out of statutory "net income." Seldom will the two correspond. Usually taxable net income, particularly when corporate dividends are included, will exceed the earnings and profits.

Taxable net income cannot be computed within the prescribed period.

"WE MUST HAVE FIGURE SPEED"

23 "Velvet Touch" Monroes used in one bureau of the New York Edison Co., Inc.



QUIETNESS OF MONROE OPERATION IS A GREAT ADVANTAGE IN THE RATE SERVICE BUREAU OF THE NEW YORK EDISON COMPANY, INC.

THE men who operate these Monroes tell us that they are particularly struck by the very short time it takes them to develop speed on the machines. It's a steady, day in, day out job that these Monroes are doing—a job that shows up both the sturdiness and the simplicity of this desk-size, portable adding-calculator.

The New York Edison Co., Inc. gives an interesting picture

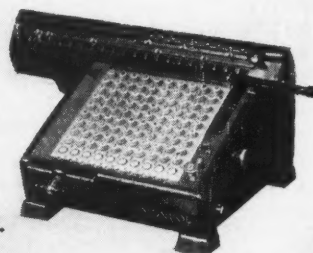
of Monroe versatility. "Velvet Touch" Monroes are at work on different kinds of figure problems in twenty or more departments and bureaus. And everywhere they are turning out a maximum of correct answers per hour, per day, per month, and per year. Why not try a "Velvet Touch" Monroe on your own figures? No obligation. Just call the nearest Monroe branch, or write to the factory.

This Electric Monroe (Model LA-6), takes less desk space than a letterhead. Portable, weighs less than 17 pounds. Divides and multiplies automatically.

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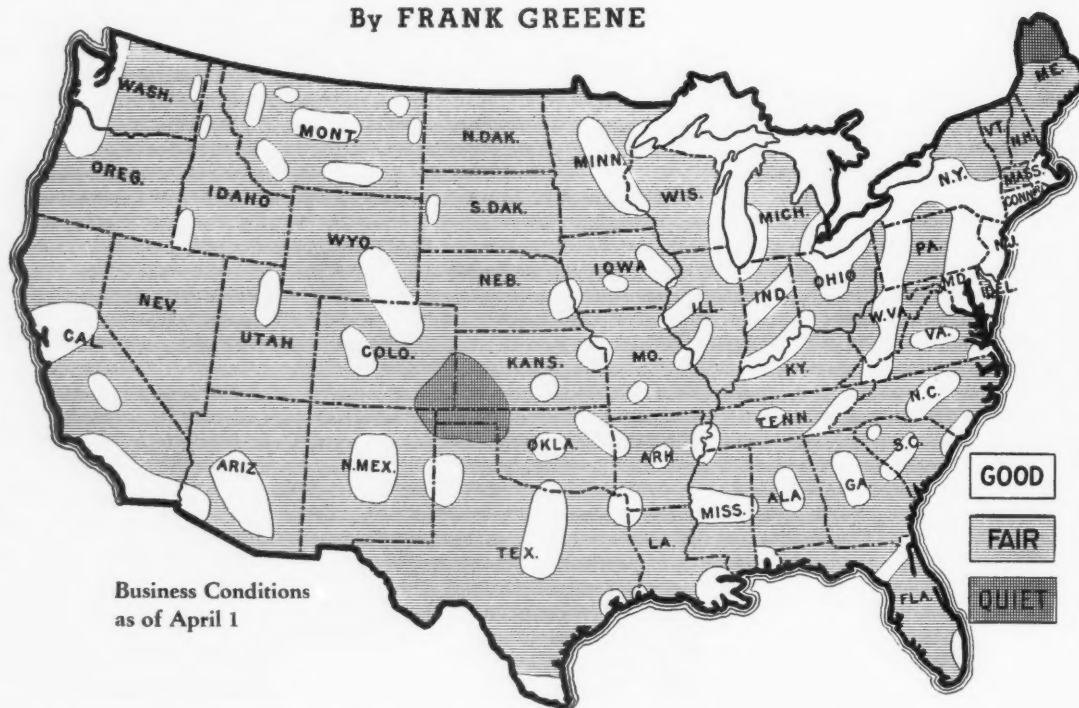
MONROE

CALCULATING MACHINE COMPANY, INC.
ORANGE, NEW JERSEY



The Map of the Nation's Business

By FRANK GREENE



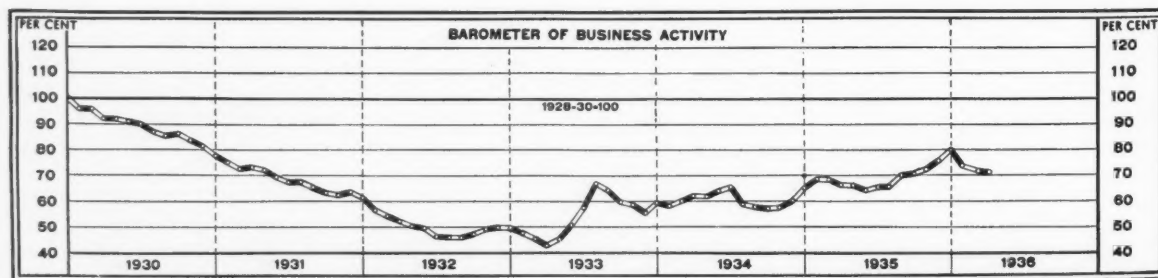
MARCH trade and industry were irregular but results, as a whole and considering drawbacks, were not unsatisfactory. The chief unfavorable event was floods.

The rally from the flood trouble was surprisingly quick in most areas. By late March many steel mills resumed operations and the percentage of capacity at work rose to a new five-year high. Railways lost trackage and bridges which will call for thousands of tons of new steel to replace. Carloadings dropped heavily and electric power production slightly during the flood week.

Despite irregularities, March exceeded February in both wholesale and retail trade, in most lines of manufacturing and even in collections, which had seemed to lag in recent months. Automobile buying picked up as did sales and shipments of lumber. Telephone installations gained heavily over a year ago.

Bank clearings were the largest for four years while bank debits were at this year's peak. Commodity prices declined for the fourth month.

Despite irregularities in some areas, the map retains all of its former whiteness



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

A slight decline was registered in the March Business Barometer, due to the floods in the third week of the month



A full-color reproduction of above painting, for framing, FREE on request

WHITE LEAD SAILED THE SEAS 2,000 YEARS AGO

● When magnificent galleys proudly swept the seas in the golden age of Rome, they were protected against the elements by white lead. And two thousand years of steadily increasing use have proved the unique preserving qualities of this remarkable pigment.

● Today, white lead still protects the ships that sail the seven seas. And all about us... in our homes and offices... on the farms... in the shops... wherever surfaces need protection—it spreads its guardian mantle against the destructive forces of nature.

● Euston White Lead... produced by Glidden... represents the most advanced step achieved

in white lead chemistry. It is made by an exclusive patented chemical process that makes it more intensely white... purer and more concentrated... than is possible by other methods.

● To the use of Euston White Lead... only one of innumerable Glidden-manufactured products... Glidden paints owe much of their famous quality. Long renowned for fine paints, varnishes, and lacquers, The Glidden Company today embraces an impressive group of successful American industries, supplying an increasing variety of commodities to the markets of the world.

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A MANUFACTURER comes to us with a special problem of insulating a building against heat and cold—and finds the answer.



A PLANT ENGINEER asks our aid in licking a tough humidity condition—and gets it.



A BUSINESS MAN has a sound-deadening problem—and we show him a method that meets his needs exactly.



A PACKAGING EXPERT seeks our advice on creating an insulated package for perishable products—and learns how to do it in the simplest, most effective way.



PERHAPS YOU,

too, have a problem that Balsam-Wool Sealed Insulation products can solve. Why not write us about it? It costs you nothing, and does not obligate you in any way.

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My problem is one of

Please tell me what Balsam-Wool can do to solve it.

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The Chemical Revolution

(Continued from page 48)

of last year was only about a third as high as that reached in 1925. During these same ten years, the steadily increasing consumption of synthetic vanillin had enabled manufacturers to reduce their price from \$8 to \$2.75. A reduction of two-thirds in the synthetic price has held the extreme fluctuation of a famine price on the natural material to one-third of its limit in 1925. Control of the price of vanilla beans has plainly become a function of the price of vanillin, and you will note that the price of vanillin, despite fluctuations in its natural competitor and counter to the price average of all commodities, is being steadily brought lower and lower.

Gives uniform quality

BESIDE the signal economic service of stabilizing and reducing the costs of industrial raw materials, synthetic materials contribute a uniform and continually improved quality. Variation, as a great biologist has said, is the invariable rule of Nature, and the use of any natural raw material in a highly mechanized industry requires either that it shall be carefully graded and always tested, or else it must be mixed and blended by skilled workmen. Vanilla beans from the different growing countries, for example, differ so markedly in flavor that recognized grades are based upon their origin. More than this, in a given plantation area from year to year, variations in temperature or rainfall or different methods of or time of curing, seriously affect the flavoring quality. The use of the vanilla bean for flavoring is, therefore, an art based on the human sense of taste, itself a highly varying criterion. But the flavor in a pound of synthetic vanillin is invariable. Steady price of raw materials is hardly less important to the manufacturer than uniform quality.

Nevertheless, the quality of these synthetic raw materials does change. It constantly improves. Just as greater output means lower cost, so greater experience means higher quality.

Twenty-five years ago the first rayon appeared on the American market. Last year we consumed close to 250,000,000 pounds of synthetic fibers. It took 15 years, from 1911 to 1926, for rayon to equal our consumption of natural silk. In the past ten years, it has outstripped silk, four to one.

The rayon of 25 years ago had a harsh, rough "feel" and a high, metallic, most unnatural, gloss. It lost

about 80 per cent of its tensile strength on its first trip to the wash-tub, and it could only be pressed with a lukewarm flatiron. Its wearing qualities were poor. It is not easy to express the improvement in synthetic yarn in figures, and the task is rendered more difficult by the fact that there are four distinct types, each possessing peculiar characteristics and particular advantages. But, as every woman knows, you can buy rayon that stands a hot iron, rayon that is dull, or rayon that is glossy. Possibly the most exact measure of improvement is the constantly increasing fineness of the synthetic fiber. In the past five years, the percentage of the fine denier yarn (112 denier or finer) has increased from 15 to 40 per cent of the total output. It is now possible, by means of the stretch-spinning process, to produce a synthetic filament actually half again as fine as the product of the silkworm.

The value of specific, specialized physical characteristics and chemical properties is well illustrated in the tremendous improvement in protective coatings. The Egyptians had varnishes made of natural resins dissolved in alcohol which have withstood the ravages of 40 centuries. The shellacs, first used in India, and carried to a high state of perfection centuries ago in the Chinese and Japanese lacquers, are well known, and were the direct predecessors of the wood finishing materials, developed chiefly in England, which the automobile industry took over from the carriage builders.

Much time was required

THESE early automobile finishes were highly perfected varnishes that gave excellent results if properly applied. But proper application meant the careful building up of coat after coat, each skillfully brushed on by hand, dried thoroughly, and painstakingly rubbed down with oil and pumice. Even with drying speeded up by a baking process, a first-class job took a week. As automobile output increased and prices lowered, it was not unnatural that this costly finishing work should be skimmed.

Ten years ago the first nitrocellulose lacquers appeared. They are essentially cellulose, made into a goeey mass, dissolved in a solvent which, when the solvent evaporates, becomes a clear, hard, closely adhesive film. Using fast-drying solvents and lacquers applied with a spray gun, the finishing operation was shortened to

a few hours and a vastly more beautiful, durable finish obtained than was possible in the cut-corner varnishing work that time and money had forced on the motor car makers.

Three or four years ago, the nitro-cellulose lacquers met new competitors, the synthetic varnishes, made, not from natural gums and resins, but from synthetic plastics. A wide variety of these synthetic resins have been perfected. Each has specific qualities and by dissolving them in different solvents (of which more than 300 are now available), specific properties can be obtained in the coating material. As a result, we are beginning to get an entirely new type of specially formulated coating materials, each designed specially to protect or decorate particular materials under definite conditions of use.

Coatings for every purpose

FOR example, the coating for the outside of the modern metal refrigerator is entirely different from that used on the interior because the conditions each must withstand are so different. We have coatings for ships' bottoms and for children's toys. Special coatings for concrete, for all the metals, for rubber, for bookbindings, for tobacco pouches, for steamer chairs, for bridge table tops, for draperies, for rain-coats, and what not.

Just as the first of these newer plastic materials, Celluloid, gave us an imitation ivory that did not crack or turn yellow with age; a tortoise shell that was not brittle; an imitation coral that was cheap, light, and durable; so this great host of newer synthetic plastics put at our disposal materials that are non-flammable, that withstand acids, alkalies, seawater, alcohol; that have different, specific, and known hardness, tensile strength, electrical conductivity or resistance.

Some can be molded to within a thousandth of an inch; others are machined as accurately as metals. Some are colored with mineral pigments; others are dyed, and the colors of most are absolutely permanent. Several can be fabricated in exact photographic imitation of various woods and marbles. With the new metallic alloys, among which there has been a parallel development, they are giving our industries a host of new materials.

Two more great economic contributions of these new chemically-made materials remain.

In 1809 a vagabond explorer, guided by Indians across the rainless plateaus of the Andes, discovered vast beds of natural sodium nitrate. For more than a century these natural deposits provided the world's supply

Death HAUNTS THE CROSSROAD



But he is not looking for members of the "NOT-OVER-50" club



"I didn't know I was going so fast," said the guilty driver—before he died. And many of us have been equally guilty at times—but lucky enough, so far, to escape the gruesome death that haunts the crossroads and city streets.

How often, after speeding along the highway, one eases up the throttle on approaching a crossroad or town to what *seems* like low speed by comparison, but which is actually 40 or 45—absolutely unsafe for travel at danger points.

Safe speed at danger points becomes automatic

But the "NOT-OVER-50" Club member, constantly reminded by the red arrow emblem on his speedometer, automatically guards against crossroad death, as he does against highway death. His 50-mile maximum highway speed reduces the likelihood of being involved in a fatality on the open road, and in addition the slow speed that he throttles down to for danger points, *actually is slow*—not *seemingly* slow as is the case with speeders.

Lumbermens invites every motorist to join the "NOT-OVER-50" Club free, whether insured by us or not. The thinking motorist will be interested in knowing, however, that our policyholders are bound to be more care-

ful as a group because they are carefully selected risks to begin with. This first precaution, plus additional safeguards such as the "NOT-OVER-50" Club, means less expense for accidents and larger dividends to be paid back to policyholders.

FREE Safety Packet — Send Coupon

What a relief—what an economy—for fleet owners to know that each of their drivers is a member of the "NOT-OVER-50" Club. Hundreds are saving money and worry this easy way. It costs nothing to enroll yourself, your family, your fleet. Mail this coupon today.

LUMBERMENS MUTUAL CASUALTY COMPANY

JAMES S. KEMPER, President

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"WORLD'S GREATEST AUTOMOBILE MUTUAL"

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Mutual Insurance Building, Chicago, U. S. A.

You may send me free "Safety Packet" of the "NOT-OVER-50" Club, containing red arrow, window transfer, and driver's pledge, for consideration. This request does not obligate me in any way.

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Address.....

City.....State.....

NB-3

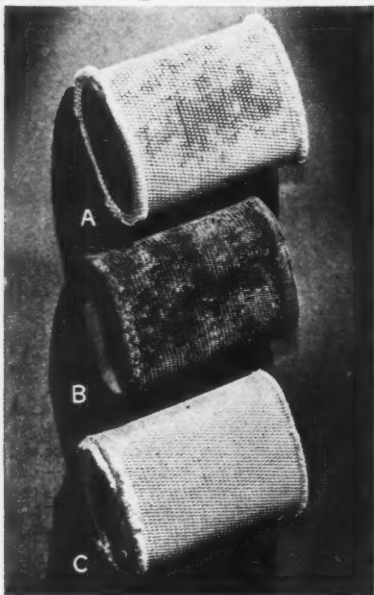
NEW PROCESS

PROTECTS

Republic

FIRE HOSE

AGAINST MILDEW



A—Not processed for mildew protection.
B—Processed for mildew protection by a competitor.
C—PROVAR PROCESSED Republic Fire Hose—no sign of mildew.

Unretouched photo showing results after samples were saturated with water and exposed to moist atmosphere for six months.

★ ★ ★

★ Republic announces the PROVAR PROCESS—an exclusive method of treating the cotton jackets of fire hose for protection against the destructive action of mildew—far outstripping any previous effort in that direction by any manufacturer.

The PROVAR PROCESS will be applied, when ordered, to any grade of Republic Fire Hose without additional cost.

THE REPUBLIC RUBBER COMPANY
YOUNGSTOWN, OHIO

Leadership

IN POLICY, PRODUCT AND PERFORMANCE

Order Republic Rubber Products
From Your Distributor

of the element nitrogen, essential alike in fertilizers and in explosives. These nitrate fields were first commercially exploited as a direct result of the enormous munitions demands of the Napoleonic Wars. It seems poetic justice that the monopoly built up on them was broken by chemists as a result of the munitions demands of the World War.

Back in 1898, Sir William Crookes, a distinguished English chemist, had dramatized the world's nitrogen requirements by prophesying that, with the exhaustion of the Chilean nitrate fields, the human race was doomed to starvation—unless chemists discovered some means of taking the inert, stubborn elemental nitrogen gas out of the air and rendering it available for chemical uses in fertilizers—and incidentally also in explosives. How chemists solved this problem need not concern us, but the discovery had significant political and economic effects.

One of the several processes of nitrogen fixation from the air was developed in Germany. By this process, nitrogen is combined with hydrogen to make ammonia which can be made into nitric acid, a starting point for the chemical manufacture of either fertilizers or explosives. It is significant that Germany did not embark upon a general European War until she had perfected that air nitrogen process. Without it she might be cut off by a blockade from supplies of nitrogen. With that process, she dared risk even the power of the British navy.

Monopoly has been broken

THAT elementary but essential lesson in national self-defense was so well learned by all nations during the World War that today every Government with any commercial and military pretensions has seen to it that it has an air nitrogen plant within its own territory. The economic result is, of course, inevitable. There is world overproduction of nitrogen. The Chilean monopoly, which for more than 50 years paid average dividends of about 40 per cent, has been completely broken, and the farmer buys nitrogen fertilizers at the lowest price in history.

The final great economic contribution of these synthetic materials in conserving resources may be exemplified by the first synthetic chemicals to win an important place in world commerce. From the dawn of history down to the closing years of the nineteenth century, indigo for blue and madder for red had been the most important dyestuffs. At that time about half a million acres, from southern France through the Mediterranean

countries to Asia Minor, were devoted to growing madder, while more than a million and a half acres, chiefly in India, were planted in indigo. The average crops were 75,000 tons of madder and 8,500,000 tons of indigo, containing respectively 1,500,000 pounds of pure alizarine and 7,333,000 pounds of indigotine, the two active coloring principles of these plants. Those crops were then worth \$15,000,000 for madder and \$42,000,000 for indigo.

Uses have been increased

AT THE close of the nineteenth century, alizarine and indigotine were both successfully synthesized from coal tar. Today we use, not 1,500,000 pounds of madder alizarin, but 4,500,000 pounds of the synthetic alizarin; not 7,333,000 pounds of natural indigotine, but approximately 15,000,000 pounds of synthetic indigotine; both at prices roughly but a quarter of the cost, based on tinctorial values, of the natural dyestuffs.

And in the meantime we have freed 2,000,000 acres of land to foods. When we remember that in normal times it is estimated that a third of the human race lives chronically undernourished, the contribution of 2,000,000 acres of land to growing rice and millet becomes a matter of humanitarian concern. Indeed in India, while synthetic indigo ruined the old indigo planters, dye makers, and traders, and changed the lives of thousands of natives, it has in the long run proved to have been a real factor in alleviating the recurring problem of famine.

In these ways the chemical industry is making tangible contributions to the more abundant life. Chemical manufacturers are widening the use of chemicals in all other industries by lowering the cost of chemicals which are thus being more and more employed to take the place of the fabricating processes.

This is the chemical revolution which we in the chemical industry envision as radically changing our entire industrial system in the next 50 years.

If you suspect that we are prejudiced, let me point out that new materials have proved to be as potent economic forces as new mechanisms.

The discovery of fire was quite as important a step in human progress as the discovery of the wheel. One of the earliest economic upheavals, a revolution that changed the whole life of mankind, was based on a new synthetic material, an alloy made of tin and copper, which gave its name to a great epoch in human history, the Bronze Age which supplanted the Stone Age.



The reader "hears" the advertisement, just as Beethoven, although deaf, "heard" the great symphonies he wrote

Is Your Advertising "Euphonious to the Eye"?

There is a certain quality in practically all great advertising that affects the eye in much the same way that great music affects the ear.

It is a quality of splendid harmony—an essential unity that weaves all the elements of an advertisement into one great chorus of selling truth and conviction.

It reverberates through the reader's mind. It strikes responsive chords of desire, belief and action.

To many advertisers, this harmony appears mysterious and illusive, but we of Lord & Thomas affirm its reality in terms of sales for our clients.

We know its power because we have consciously developed its principles and dictated its use in advertising.

"Euphonious to the Eye"

We coined this paradoxical phrase in order to express the kind of harmonious appeal that should carry throughout the advertisement. Headline, illustration and text must be welded together until they sing the one great song of selling appeal.

True salesmanship-in-print always obeys this fundamental principle of "euphonious eye appeal." It strives for the eloquent rhythms of natural speech. It avoids mere "artiness" in type and illustration—adhering ever to sincerity, clarity and forcefulness on the printed page.

First: A Compelling Reason-Why

Above all, true salesmanship-in-print demands a strong central selling idea—a compelling Reason-Why that is in itself the most powerful unifying principle known in advertising. For a central Reason-Why, launched with drama, news and vital emotion, drives with concentrated impact straight to the buyer's interest and desire. It is irresistible.

Advertisements are Salesmen

These truths recognize that an advertisement, being a salesman, needs *all* the qualities of great personal salesmanship. And among these qualities, simplicity and forceful eloquence are basic. If the style of writing is simple, the man on the street understands it—and what he understands, all understand.

Lord & Thomas advertising has through the years adhered to this principle of "euphonious appeal to the eye." So difficult is its accomplishment that "Lord & Thomas Copy" has won a unique place.

It is Copy that Sings!

Today, more than ever, this quality has power to lift sales to new heights through advertising. It is the song of salesmanship that never grows old—that continues to win millions in profits for our clients.

LORD & THOMAS · advertising

There are Lord & Thomas offices in New York; Chicago; Los Angeles; San Francisco; Toronto; Paris; London
Each office is a complete advertising agency, self-contained; collaborating with other Lord & Thomas offices to the client's interest

LEIPZIG Trade Fairs



One of the 36 Exhibition Halls which house the 6,000 exhibits.

Here is the source of profits in international commerce; here the source of new, world-wide merchandise trends. Leipzig exhibitors show their newest creations first at the semi-annual Leipzig Trade Fairs. Leipzig buyers buy right—have goods modified to their own designs, if desired... Consider the facts below. Then write for Booklet No. 12, telling the full story. Let us help you determine in exact detail just what the Fairs offer your business... Leipzig Trade Fair, Inc., 10 East 40th St., New York

★ **GENERAL MERCHANDISE FAIRS—6000 EXHIBITORS FROM 25 COUNTRIES—AUG. 30th TO SEPT. 3rd**

Household goods, jewelry, lighting fixtures, ceramics, books, toys, musical instruments, furniture, fancy goods, optical goods, kitchen utensils, advertising materials, china, precious metals, clocks, leather goods, sporting goods, watches, motion picture equipment, paper goods, notions, arts and crafts, textiles, traveling requisites, glassware, hardware and office appliances.

★ **BUILDING, HOME AND INDUSTRIAL EQUIPMENT FAIR—1000 EXHIBITORS—AUG. 30th TO SEPT. 3rd**

Of particular interest to architects, builders and contractors in all lines.

★ **150,000 BUYERS FROM 75 NATIONS**

By covering the Fairs, these shrewd business men stay six months ahead of their competitors.

★ **36 PERMANENT FAIR PALACES AND EXHIBITION HALLS**

Many of them larger than Madison Square Garden in New York City.

★ **SPECIAL TRAVEL DISCOUNTS TO FAIR VISITORS**

Let us send you the full details.



FOR 700 YEARS
the world's
market place

Mistakes My Bosses Have Made

(Continued from page 31)

in his own image. Of course there are good reasons for employing young men, but the fact that they can be easily dominated is not one of them. It is well enough to get new blood into a business, but one of the best ways is to employ men of mature minds and practical experience in the same line who will bring in new ideas based on experience.

One of my bosses became angry with me over a personal matter—nothing more important than a difference of opinion on something outside the business. At once it seemed that he began to lose confidence in me. The beginning of the rift couldn't possibly have had any effect on my efficiency, but before long I began to see that whatever I did was wrong. My usefulness had ended because the boss had decided he didn't like me. So I resigned at the first opportunity to make a change.

Conversely, I have found that a man can do his job effectively and still have no personal regard for his employer. He must respect him, yes, but there's a big difference between respect and affection. The most efficient man I ever worked for was one with whom I had little in common personally. I may almost say that I disliked him for himself. But I liked his leadership and could go along with it unreservedly.

The classical example of an executive who could free himself almost entirely of personal bias was Lincoln. He was big enough to appoint to his cabinet such unruly personalities as Seward, Stanton and Chase. Seward had been his great rival for the presidential nomination—a man who knew his own worth and missed no chance to assert it. Stanton was the most unmanageable of men and furthermore had acted in such a way as almost to have made himself personally obnoxious to the President; while Chase was an ambitious, egotistical trouble-making individual. But each had high capacity in his own specialty and Lincoln needed these talents more than the harmony that would have reigned with lesser men in their posts. He had the genius to control them and to compose their warring personalities. He could regard his subordinates with a calm, impersonal detachment.

In business the loudest squawker and most unsocial character may be one of the best workers, and the most charming of "good fellows" may be worthless on the job. No, decidedly,

you don't have to like a man personally to rate him high as a boss or as an employee.

9 • Jealous of Employees' Outside Interests

THIS, I find to be perhaps the commonest and the least rational of all the foibles of bosses. Only recently I asked a man of my acquaintance about one of his salesmen whom I had known slightly two years ago. "Oh, I had to let Carson go," he said. "Do you know, I discovered that he had opened up a book store and his wife was running it. Yes, I hated to part with Carson."

"But did the store interfere with his own work?" I asked.

"His sales didn't show any drop but I had reports that he made a habit of driving around to this store nearly every day."

I could not resist telling my friend that I thought he had penalized a good man for being ambitious. But he couldn't see the point at all.

Too many bosses expect that their men should be so wrapped up in the business as to have practically no outside interests. Put in this bald way, every one of them would deny it; nevertheless I think this a true estimate. It amounts to outright jealousy. I have known of cases of employers opening personal mail of their employees, an almost morbid manifestation of jealous curiosity.

One of my employers tried to discourage my writing for the trade publications, questioned me closely as to my income from that source—which came entirely from leisure activities—and criticized everything I wrote. He paid for my membership in a luncheon club, but when I was elected president of the club he seemed to think the thing had gone too far. When friends happened to come into the office to see me he seemed to resent it, even to the extent of snubbing them on several occasions.

Now, lest it seem that I am either a sorehead venting my spleen or that I am describing a rare, almost pathological case, let me hasten to add that this man was one of the ablest individuals I have ever worked with or for. In most respects he was a keen, intelligent executive. But in this one peculiarity he lacked balance.

10 • Breaking the Chain of Responsibility

THIS is more disruptive of good organization and proper discipline

than any other executive failing. No business can be organized except by its head. All organization must start at the top and proceed downward. A department head may organize his department to perfection but his work can be wiped out in a day unless the executive at the top is in sympathy with what he is trying to do.

In one job as a sales manager in charge of the activities of 20 men I worked under a manager who on several occasions told me to get something done and then when I instructed one of the men he would reply, "Yes, I've already done that; the boss told me." Or I might learn first of some change in prices or delivery schedules from one of the salesmen instead of from the office. I saw a salesman tear up and fling contemptuously into the gutter a written order I had given him to make two calls immediately. Then, when I asked the manager's approval in discharging the man he shrugged his shoulders and said:

"What can we do? If we fire him he'll take a block of our business over to some competitor. I'll have a talk with him."

In every such situation the boss managed to emerge with new laurels as a diplomat who could oil the troubled waters and still the tumult.

Such a situation, of course, soon became intolerable for me. But it was not my feelings that mattered so much. What of the effect on the business? It becomes a one-man affair, which up to a certain point is all right, but beyond that point creates confusion and makes a paradise for shirkers.

Many businesses have passed that crossroads. They are too big for one man to run without delegating authority and their heads have not the ability or the will to shift part of the responsibility.

If when the boss asks Miss Fluffy what she is doing, she answers, "Mr. Puffy's letters," and the boss thoughtlessly says, "They can wait—you drop them and get busy on this," what results? Miss Fluffy, and before long all the others in the office, say to themselves that Puffy doesn't amount to a lot of pumpkins. His letters can always wait. And when the boss is away this is the sort of an office where the mice do play, because there is no authority on the job that they respect.

It's usually the one-man offices in which the boss calls heaven to witness that nothing is ever done when he is not at his desk.

He becomes a martyr to his own lack of system in his organization. It is the price he pays for being the only star in the firmament.



On \$100 a Month - You can take life easy on the SHORES of CHESAPEAKE BAY



Maryland is one of many attractive regions where an elderly person or couple can live comfortably on a small income. On \$100 a month you could have a cozy home and with a little more you could afford a small boat. With fine sailing and fishing, life could be very pleasant.

Wouldn't you be happier in your present work if you could look forward to some snug harbor like this? When you are ready to retire you may prefer another sort of life, but what a load it would take off your mind now if you could be sure of \$100 a month, or more, when you are 55 or older!

That's what you can do if you'll

start a Northwestern Mutual Retirement Income Plan soon enough and stick to it. This is the thrifty way to reach *Leisure Land* and the 79-year-old Northwestern Mutual is a thrifty company. Sound management has effected such economies for its policyholders that, for many years, more than half of all this company's new insurance has come from people who were already insured in it.

Send for the "Wonder Spots" Book

It describes many an American *Leisure Land* where life can be enjoyed on a modest income and explains the time-tested Northwestern Mutual plan of obtaining old-age security.

The Thrifty Way TO LEISURE LAND



THE NORTHWESTERN MUTUAL, Milwaukee, Wis.
Please mail "Wonder Spots" booklet. 55
How much income can I have at age 60
if I lay aside \$.....a month?

Name (Print).....

Address.....

City.....State.....Age.....

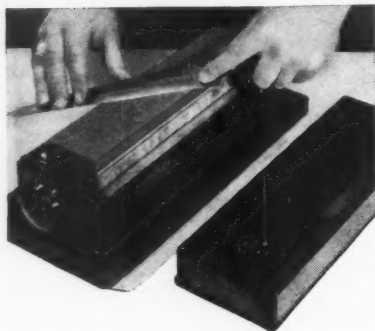
If under 55 and in good health mail this coupon

N13-5-38

The assets of the Northwestern Mutual, as reported to state insurance departments, now total a billion dollars—a great estate administered for the mutual welfare and protection of more than 600,000 policyholders with 3 billion 700 million of insurance in force.

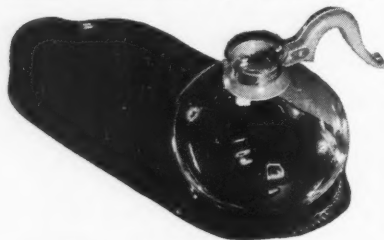
THREE WERE CALLED

*...but one was
chosen*



Which one to use? Cast iron? Steel stampings? Molded Durez? Carborundum Co. faced this decision in planning their new Duo-Stone knife grinder for use in meat markets.

Sample models in each material were made and presented to chain store executives for approval. They unanimously selected the Durez case! Why? Because the Durez case is lighter than metal; hence easily portable; because its finish is permanently shiny and will never chip, rust or corrode; the absence of dirt-catching corners and the smooth finish make it more sanitary. The Durez case leaves the mold complete, needing no grinding, spraying, baking.



FIRST A HANDLE, THEN A TRAY

—that's Silex' experience with Durez. Gay colored Durez cocktail trays now go with these famous coffee-makers, protecting tables from heat or spilling. Coffee- and alcohol-proof. Acid-resistant. Good heat insulator. Can't chip or dent. Quiet, too, for it's non-metallic.

DUREZ is a hot-molded plastic, simultaneously formed and finished in steel dies. **STRONG . . . LIGHTER THAN ANY METAL . . . HEAT-RESISTANT . . . CHEMICALLY INERT . . . SELF-INSULATING . . . WEAR-PROOF FINISH.**

There are 307 Durez compounds, each with a specific use. In considering molded plastics let us specify the proper compound for the job. For further information and copy of monthly "Durez News," write General Plastics, Inc., 155 Walck Rd., N. Tonawanda, New York.

DUREZ

Accent on Youth

ELEVEN months ago, on June 26, 1935, President Roosevelt established the National Youth Administration, declaring: "I have determined that we shall do something for the nation's unemployed youth because we can ill afford to lose the skill and energy of these young men and women."

Today this determination according to NYA has resulted in:

Placing 564,714 young people between the ages of 16 and 25 on the public pay roll at wages ranging from \$6 or less a month for high school, parochial and non-profit private school pupils up to \$40 a month for graduate college students.

Employment of 210,000 out-of-school youth on WPA and other projects at wages ranging up to \$25 a month.

Attendance of more than 3,100 young women at 59 girls' camps (seven more to be established shortly) for six to eight week courses in health education, household management, creative arts and other subjects.

Establishment of 24 Junior Employment Services in 11 states.

The wages to students will continue until the close of school in June, the other projects until July 1.

Exact cost figures are not available at this writing. Original allotment (NYA was set up within the Works Progress Administration, under authority of the Emergency Relief Appropriation Act of 1935) was \$50,000,000. Under the first estimates, \$27,056,268 of this was to go for student wages—\$1,080,000 to graduate college students, \$14,512,500 to college undergraduates and \$11,463,768 to pupils in institutions of less than college grade—or more than \$2,000,000 a month. The sum of \$20,000,000 was allocated to out-of-school youth. Cost of administering the program is running something under five per cent of the total funds allotted, according to Executive Director Aubrey Williams, which means about \$1,000,000.

What are the taxpayers getting for this expenditure? The mimeographed releases of the NYA are silent on the subject. Stress is laid rather on the cash benefits to youth. "Starting from the general premise that youth lacks opportunities to continue its education and to get work," NYA has set up four general aims:

To provide needy young people with educational, recreational, training and work opportunities.

To get as much as possible of its appropriation into the pockets of needy young people.

To stimulate the development of socially desirable projects and enterprises designed to benefit youth generally.

To raise young people as a group as nearly as possible to a position where they are no longer underprivileged.

The summary of activities already given indicates in part how these ends are being pursued.

Breaking down the first figure, the 564,714 students drawing wages, NYA shows these to include 5,151 graduate college students drawing up to the \$40 a month maximum, 121,517 undergraduate college students drawing up to \$20 a month, and 228,046 high school and other pupils drawing up to \$6 a month.

Assistance in schooling

IN the words of the United States Government Manual "High school students requiring financial assistance for the continuation of their education may arrange to secure this aid through school officials. College aid part-time jobs are distributed through the cooperation of college employment agencies."

Original requirements were that high school and other pupils be from relief families, but this was changed in October to the following: "They must be able to show that they have had to quit school for lack of such financial assistance in the past, or that they will be unable to attend this year without such assistance."

That this requirement is liberally interpreted by local school authorities seems evident from the pay roll figures. First, NYA estimated on January 30 that on the basis under which funds were allocated—seven per cent of the number of persons between 16 and 25 on relief in May 1935—only 200,000 were eligible. Second, the present 228,046 students on the rolls represent an increase of about 62,000 over the number who were on the pay roll January 1.

"Does this mean that high school enrollment has increased 62,000 since January 1?" one asks NYA spokesmen.

"Why, no. You see local school authorities at that time were not all familiar with the opportunities."

"But if those 62,000 were financially able to attend school up until January, wouldn't it be a fair assumption that they could have contrived to continue attending whether or not they were put on the public pay roll?"

"Well," one is answered vaguely, "they may have been coming to school without proper shoes or clothing or walking long distances for lack of carfare."

"But," one insists before giving up, "the requirement says 'they must be able to show . . . they will be un-

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Your Hartford policy guarantees you tested insurance protection and prompt, intelligent insurance service, no matter where you are when emergency arises. It is a great convenience for Hartford policyholders to be able always to find the nearest Hartford representative by calling any Western Union office. In Canada call Canadian National Telegraphs.

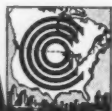
IMMEDIATE cash FOR BOOK ACCOUNTS

LOOK over your books and see how much of your capital is tied up in accounts that won't be paid for the next thirty or sixty days. Wouldn't it be worth while trying a plan which would immediately turn these accounts into cash.

Under this plan you keep complete control of your business, pass on credits, make your collections direct, as usual. You are free to drop the arrangement at any time. Your customers need never know of your financial arrangement.

Among our clients are many big-time organizations, rating even up to A A A 1. They know the tremendous advantage of a strong cash position.

If you want the full story of what it can do for you, write for the free booklet "FINANCING YOUR BUSINESS". No obligation or expense to you.



Mail this coupon
to our nearest office

COMMERCIAL CREDIT COMPANY

COMMERCIAL BANKERS

First National Bank Bldg., Baltimore
Continental Ill. Bank Bldg., Chicago
100 East 42nd Street, New York City

Please send me the booklet
"Financing Your Business". This re-
quest does not obligate me in any way.



Check here if you wish
representative to call.

able to attend without such assistance."

The statistical evidence of liberal interpretations of the NYA eligibility requirement is supported by stories one hears around Washington. Such as the one about the NYA speaker who appeared before the student body of a small high school which had not availed itself of its full quota of the pay roll. The speaker belabored the youngsters, so the story goes, for not cooperating in the efforts to bring back recovery and declared it was the patriotic duty of eligible students to get their names on the pay roll.

Some high school students who maintain high scholastic standards draw their "wage" without doing any work in return. Others do such chores as patrolling traffic near schools, repairing textbooks and playground equipment, serving as secretaries to teachers, and so on.

The NYA program as it applies to college students is an elaboration of the 1934-35 Federal Emergency Relief college aid program, which at one time supplied funds to 104,000 students. Eligibility requirements are the same as for high school pupils, and clerical and office work is done.

The work projects now occupying the 210,000 out-of-school youth include construction of "pocket-sized" roadside parks, indexing of local newspaper files, collecting and circulating books in rural communities, provision of assistants at playgrounds and community centers and—this may interest the Department of Agriculture—the development of new insecticides. Ninety per cent of these 210,000 young people come

from relief families and they work from 36 to 46 hours for their \$25 maximum wage.

As regards the girls' camps, this year's program calls for an increase to 100, or 72 more than last year, and a hoped-for enrollment of 5,000. The camps were started last July. Girls must come from relief families, be between 16 and 25, and "must show a real interest in continuing their education and training."

Employment for youngsters

THE Junior Employment Service operates in cooperation with State Employment Services. These last, in the words of Dr. Mary H. S. Hayes, NYA director of guidance and placement, "have found their hands so filled with seeking jobs for older and experienced workers that little attention has been given the problems of the younger inexperienced job-seekers." The aim is "to see that beginners' jobs are conserved for those to whom they rightfully belong."

Among the functions of the Junior Employment Service, NYA lists the following:

"To advise young people as to the desirability of returning to full-time educational institutions and to . . . refer those eligible for NYA educational aid to the proper authorities."

Will NYA gracefully expire when its \$50,000,000 allotment from relief funds is spent a few months hence? Not if precedent is any guide, for government bureaus are notoriously hard to kill. Efforts are already under way to have the educational aid continued.

—PAUL H. HAYWARD

Public Friend Number One

(Continued from page 40)

credit record with the store was good. They equipped him with the background he desired. He got the job, paid back every cent, is now a steadfast friend of the store.

A customer comes in for spiritual advice—a mother checks her month-old infant for an hour—a country boy seeks advice in finding a job—an eccentric customer cries that her pet monkey has escaped to the iron filigree work of the marquee at the entrance and would they please send a porter with a butterfly net to bring him down? (they do).—A lady leaves a well filled purse somewhere and can't remember where, how much or her own name (an obliging street car company and honest conductor help the store solve the difficulty).

But it takes some dovetailing of service to catch a missed train.

"My daughter and her baby just left on the New York Limited. And I have the baby's bag containing all its things. What shall I do? This is terrible!" The things had been purchased at the shop only a few minutes before.

The Limited makes only one stop from this city to New York. The store speedily located a shop in the town where the train stopped. The other store was affiliated with it in a wholesale way. By long distance phone the store was called.

No wonder the young mother was amazed when the train reached its only stop and a polite emissary from the city's local store handed her a duplicate bag, complete even to the type of nipples the young autocrat preferred to any other in the world.

A Philadelphia department store, intent on service, stays open 24 hours

a day. Long before the first milkman has dragged himself from a warm pallet, ambitious housewives can have their shopping done by the light of a waning moon.

Even a store's president does not escape. Recently, a New York department store chief executive was awakened from pleasant dreams at midnight.

"We just returned from our honeymoon. You promised to have the furniture here, and there isn't a stick in the house. You've spoiled e-everything," sobbed the little bride.

(Big stores are extremely partial to brides and grooms and never miss a bet to lend wings to Cupid's bow.)

The great man was touched. Rallying to the call to service, he wrapped himself in a robe, aroused the garage and warehouse people, started things going. Everything and everyone was snug in bed. But they didn't stay there long.

The store manœuvred a complete furniture delivery to a tearful but placated bride just as the sun was coming out of the Bay.

The ideal employee

AN ideal worker in a personal service bureau is luscious with health—it makes for patience and good nature, and the ability to bring out the best in the other person, no matter how troubled or irritated she may be.

A good worker has plenty of intuition, intelligence, the photographic mind of a Scotland Yard detective, must be able to read character and motives rapidly and accurately with little to go on, be able to win the confidence of the other person, capable of keeping her head in emergencies, have contacts and inside channels for getting information, know every department in the store thoroughly and the service it is prepared to render, be unconcerned by red tape and blind alleys in investigations, be able to work under pressure of time, and possess a zest for meeting more obstacles in the work than the hero of a dime novel.

One store's bureau handles 1,500 or more special calls a day. It takes two years to train a personal service worker.

She grows more valuable with the years.

That it pays is aptly demonstrated in a typical incident. The driver of a bus, finding the interior in flames, dashed out of the seat, down the block, past six other retail establishments, until he came to the big store known for its service. The personal service bureau fixed him up with fire extinguishers—just as he knew they would.

"My customer—right or wrong."
It's today's retail rhythm.



WHAT's *your* favorite vacation? Whatever it may be, plan to get more fun out of it than ever this summer—as guest of Canada, "your friendly neighbor."

If It's Fish You're After: Canada's forest lakelands and crystal streams are richly stocked with trout, salmon, muskies, bass, pike and pickerel—battling beauties all, eager for your challenge.

If You Would Lead A Lazy Life: Take a family cottage in one of Canada's summer playgrounds. Spend sunny days of swimming, boating and hiking. Then let crisp, cool nights lure you to blissful sleep.

If A Motor Trek Appeals to You: Set your course along one of Canada's modern motor trails. Stop at comfortable tourist inns and famed hotels, or pitch your own camp as you go.

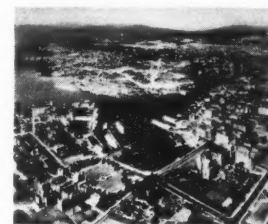
Enjoy the Gay Round of Life at one of many delightful resort colonies. Be outdoors all day riding, bathing, canoeing, fishing—or golfing on sporty Canadian courses. Then join the smart party crowd in the evening's dancing.

Come for a Train or Bus Tour or Holiday Boat Cruise. The cost is low, and you see all the glories of the Canadian scene unfold before your eyes.

Start Planning Today. Inquire at your nearest Canadian railway or steamship office for information. Or write for free illustrated literature and maps to Dept. AD536.



Canada's beautifully landscaped golf courses delight your eye, and at the same time provide a real test of skill.



Canada's cities have an "atmosphere" all their own. Here you can spend fascinating days of sight-seeing or shopping.

CANADIAN TRAVEL BUREAU
Ottawa, Canada



Ottawa, Canada



HELPING THE FAMILY KEEP WELL

• • • • •

WHEN a venturesome youngster stumbles and cuts his knee, his mother never thinks of bandaging it with strips of old linen. She cleanses the cut with an antiseptic, and bandages it with gauze and a moisture-proof, germ-proof adhesive plaster. In this simple emergency doctoring she has been aided by two Bakelite Materials. One type is used for the bottle closure that protects the purity of the antiseptic. The other is a flexible resinoid that moisture-proofs the adhesive plaster.

When you visit the doctor for your annual health inventory, Bakelite materials again come into service. Examination of your throat is conducted with an ora-light produced from Bakelite Molded. More perfect X-Ray photographs of vital organs are obtained with greater certainty because of the Bakelite materials which have been used throughout the X-Ray machine, from the insulation for the current conducting parts to the switches, wheels and regulators that are used to operate the equipment.

When the dentist advises a dental restoration, it no longer need cause great concern, for the appearance of healthy oral tissue is now closely

simulated by LUXENE resinoid, a translucent pink denture material developed to assure the utmost in natural appearance and comfort.

Even the deaf are benefited by hearing aids with amplifiers and ear pieces produced from lustrous black Bakelite Molded. The elderly and infirm, and shut-ins everywhere, are able to keep in touch with the world through the medium of radio, which utilizes Bakelite materials throughout its entire construction, including the rich, lustrous molded cabinet.

These are a few of the scores of ways in which Bakelite Materials, products of creative chemical research, are aiding physicians and surgeons, dentists and oculists in promoting the health and comfort of all.

Bakelite Corporation, 247 Park Avenue, New York, N. Y.
Bakelite Corp. of Canada, Ltd., 163 Dufferin St., Toronto

BAKELITE

The registered trade marks shown above distinguish materials manufactured by Bakelite Corporation. Under the capital "B" is the Bakelite logo, a stylized "B" inside a circle, which is the symbol of the Bakelite Corporation.

The Material of a Thousand Uses

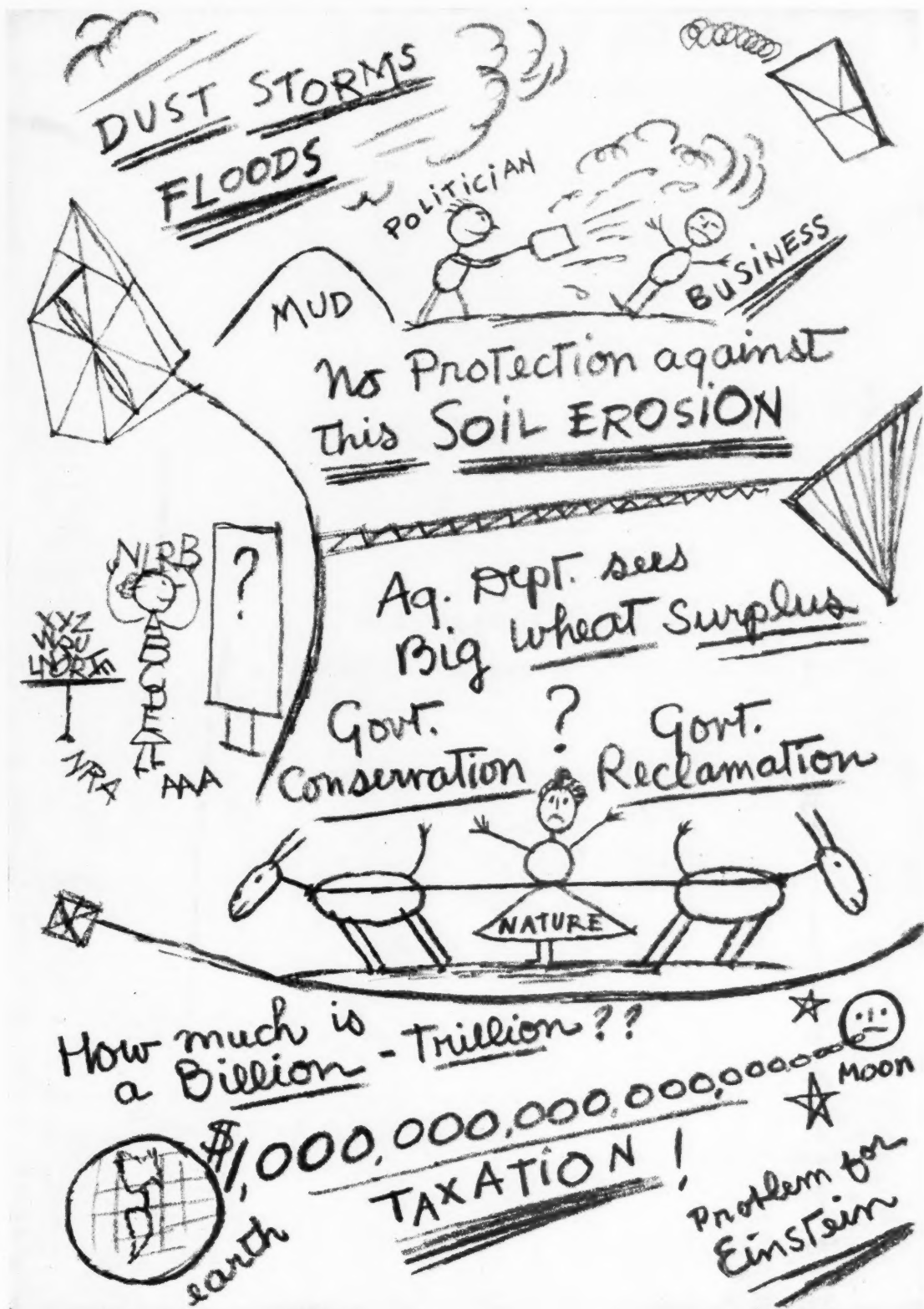
Particularly for Manufacturers

All major industries are making profitable use of one or more Bakelite Materials, either through using them in the product itself, in production machinery, or in maintenance.

Some forms are used in every branch of the electrical industry, others in the process industries, and still others in the mechanical industries. Pharmaceutical, cosmetic, food, and liquor industries use Bakelite Materials for containers, closures and merchandise displays. The building industry uses them for decorative effects both indoors and out. Furniture, hardware, paint and varnish, textile, and automotive are other industries making wide use of them.

We urge you to look into the possibilities of Bakelite Materials for your own business. Our engineers will be glad to advise you. As a first step we invite you to write for our illustrated booklets "Bakelite Molded" 1M, "Bakelite Laminated" 1L and "Bakelite Varnish" 1V.

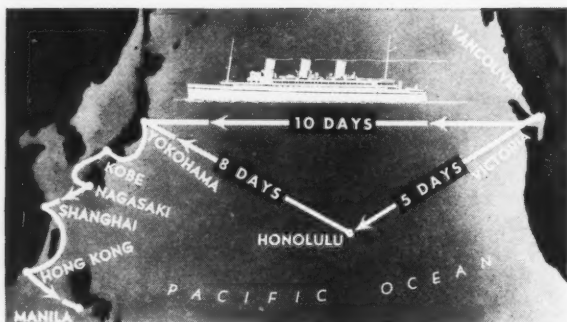
A Page from a Business Man's Scratch Pad . . .



NEWS NOTE: A psychologist says that what's on a man's mind can be read from the elementary designs and patterns which he draws upon scratch pads and hotel table cloths. Here are some freehand ide-

graphs salvaged from a conservative waste basket with the aid and connivance of an individualistic charwoman. Is it functional art or simply interpretative of the new symbolism of government?

Orient in 10 Days!



Check this on your atlas . . . the shortest steamship crossing to the Orient is from Vancouver and Victoria in Canada's Evergreen Playground. Check *this* at any travel agency . . . the fastest crossing is by *Empress*! Only 10 days to Yokohama by *Empress of Asia* or *Empress of Russia*, just 13 days via Honolulu by *Empress of Japan* or *Empress of Canada*.

Regular sailings to Yokohama, Kobe, Nagasaki, Shanghai, Hong

Kong, and Manila. Orient fares include passage from and to Seattle. Connect with *Empresses* at Honolulu from California ports. Low all-year round-trip fares by outstanding First Class, or comfortable Tourist Class that equals many ships' First Class. Low-cost Third Class. All-expensetours.

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What Workers Need to Know

(Continued from page 16)

irrepressible conflict. Voluntary societies have already shown that they can do more for the masses than any others. In such societies, science and the mechanical arts have developed faster than elsewhere and their benefits have been more widely diffused, though there are vast improvements yet to be made. These possibilities of improvement in our system, its enemies will not consider. They dwell on the evils that now exist, and assume that they cannot be cured.

They contrast the system as it now is, with all its defects, with some other untried system which will work as idealists expect it to work.

So many things are being said against our economic system, that we are likely to forget some of its merits. In the first place it has solved the problem of adequate production and forever banished the possibility of famine.

In the second place it has enabled three-fourths of our people, even during the depression, to spend more money and to buy more comforts and luxuries than any similar number of people ever enjoyed anywhere or at any time before 1919.

In the third place, even the other one-fourth of our people, whether on relief or employed on various projects, are better fed, clothed and housed than the lower one-fourth of any people ever were anywhere at any time.

It takes a rich country to provide relief on an ample scale. No country could do it which had not grown rich as the result of free enterprise. In the fourth place, in spite of the figures as to the concentration of wealth in this country, purchasing power is more widely diffused than anywhere else.

Benefits are well distributed

THIS wide purchasing power explains the complacency of our people in the face of the terrible stories that have been told about our system.

Granted that a small minority owns and controls most of the capital of the country, still a small minority does not consume most of the products of our farms and factories. A small minority does not eat most of the food, drink most of the drinks, wear most of the clothes, ride in most of the automobiles, enjoy most of the movies, listen to most of the radio programs, or watch most of the ball games, boxing matches and other athletic contests.

All these things are widely diffused and enjoyed.

Again, while some immense fortunes have been built up in the past 35 years, most of them have been built up by providing cheap luxuries and amusements for the masses. These range all the way from chewing gum to automobiles. They include such things as soft drinks, cigarettes, cameras, motion pictures, radio sets, illustrated newspapers and magazines, cheap novels and athletic spectacles.

People who are enjoying all these things are not easily incensed because those who supply them at low cost are making money. Gum chewers may be expected to remain complacent even in the face of figures showing the size of the Wrigley fortune. Smokers, while inhaling the smoke of a cheap cigarette, are not likely to be stirred to wrath over the fortunes made in tobacco. Drivers of Ford cars will be difficult to convince that they should rise in revolt and seize the Ford fortune. The crowds which attend a popular movie are enjoying it too much to resent the fact that the actors and producers are getting rich by giving the people what they are eager to pay for.

Everybody enjoys products

THE question: "Who owns the productive capital of the country?" is an important one, but, after all, it is less important than the question: "Who enjoys the products?"

So long as the masses have most of the fun, they are not likely to destroy the source of their fun by attacking the men who provide it. Most of them have read the story of the goose that laid the golden egg.

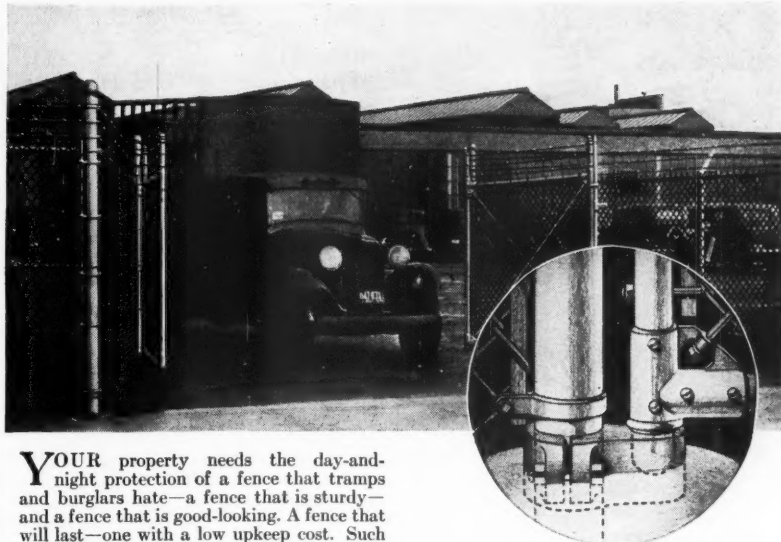
It was no accident that the great fortunes made in the past 35 years were made by supplying the masses with cheap luxuries and entertainments. It was a natural result of our wide diffusion of purchasing power. This is more significant than any statistical table as to the concentration of wealth.

Every one knows that to make money you must go where money is.

If you are in a country where a few very rich people have all the money, you must cater to the rich. If you decide to manufacture automobiles, to use a single illustration, it would be useless to make cheap cars to be sold by the million, because the millions could not buy them. You would have to manufacture luxurious cars to be sold in small numbers at high prices to the very rich.

If, on the other hand, you are in a country where the great reservoirs of spending money are in the pockets of the millions, you must cater to the

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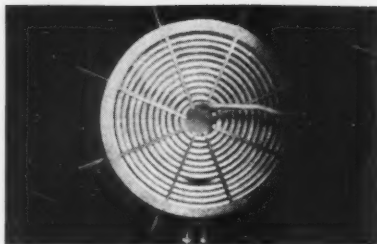
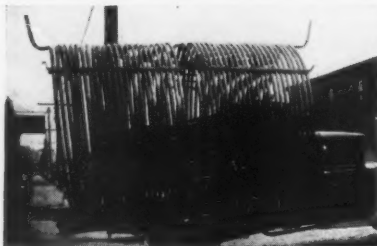
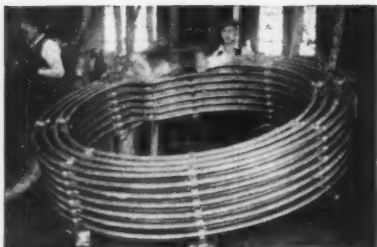
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UNITED STATES STEEL



Photographs courtesy of Camden Copper Works

Coils

Here are three interesting industrial applications of Revere Copper Tube from the Camden Copper Works at Camden, N. J.—cooling coils for thrust bearings on hydroelectric turbines, condenser coils for an alcohol plant, and a heating coil for a log-wood extract plant. Copper was the logical choice for all of these coils because of its high thermal conductivity, easy working qualities and resistance to corrosion.

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millions. You could not get rich by making expensive cars to be sold in small numbers and at high prices. This is such a country. That is why the great automobile fortunes have been made here by making and selling cheap cars.

The same principle applies in practically every line of business.

Spending power is distributed

WHEN our manufacturers and merchants begin to neglect the masses and to cater only to the rich, we may well become alarmed. It will indicate, more clearly than any statistical table, that the great reservoirs of spending money are no longer in the pockets of the people. Until then we can be certain that our economic system is fundamentally sound and can be still further improved.

Purchasing power can be still further diffused; but when it is, still larger fortunes can and will be made by catering to the masses. Movies, or some other form of entertainment, will be more largely patronized, popular actors and producers will get still larger salaries. Radio sets or some newer and more popular invention will be still more widely used, and great fortunes will still be made by those who make and sell what the millions want. Of course, then as now, there will be "Share the Wealth" Programs.

These results, however, depend on the preservation of our system of free enterprise. They are threatened by everything which threatens to substitute coercion for contract, regimentation under government authority for organization under voluntary agreement.

Individual responsibility

THE reason is not difficult to understand. Freedom is not anarchy. It is not freedom to do whatever one pleases. Democratic freedom, toward which we are developing, carries with it personal responsibility. It serves notice on the individual that the only limit to his success is his ability to do what others want done and are willing to pay for and that failure to do what others want done brings certain failure. It puts it up to the individual to find something to do which others are willing to pay for.

It does not encourage him to wait until some beneficent agency tells him what to do and finds the money to pay him. Under this system of individual responsibility there are as many people looking for opportunities to be of use to some one else as there are people who want to earn incomes for themselves, because the only way to earn an income

is to be of use to some one else.

We have not yet reached this goal of economic progress, but we have made some headway toward it. Some wealth is still stolen, but that is because we have not yet found ways of preventing it. It is not inherent in our system. Some wealth is obtained by lucky accident, and that calls for careful study, and is difficult to differentiate from the results of discovery. Some wealth is inherited, but that is part and parcel of our family system and cannot be differentiated from it.

In spite of wealth that is stolen and that which is found or inherited, it is still true that, where there is freedom of enterprise, men and women in every nook and corner of the country and in every stratum of society will be eagerly looking for opportunities to start new enterprises. They will find more things to do, start more projects and invent more new devices than can possibly be done or invented by a few responsible officials in our national and state capitals.

Many have employment

UNDER this system, our industries have expanded in the past and given employment, not only to our own people but to more than 30,000,000 from other countries since 1870, and more than 20,000,000 since our free lands suitable for farming were exhausted about 1890.

That is an achievement that enemies of our system never mention. They dilate on the present unemployment, but fail to mention that there was a great war, that every great war of modern times has been followed by a great depression, and that war is the very negation of the system of contract.

If we may omit a narrow fringe of unemployables at the bottom of our economic system, and consider only the great mass who are capable of taking care of themselves and their children, it becomes increasingly clear that they have more to gain for themselves and their children from the improvement of our present system than from a new and untried system which, however alluring it may seem when pictured by rhapsodists, is certain, like everything else, to develop defects.

The improvement of our present system requires, first, a recognition that it is a market economy, and that every worker's well being depends on the market for what he has to sell. Second, that the only way to improve the market for anything is to increase the demand for it and reduce the supply of it. Third, that the way to increase the demand for labor is to encourage the expansion of industry

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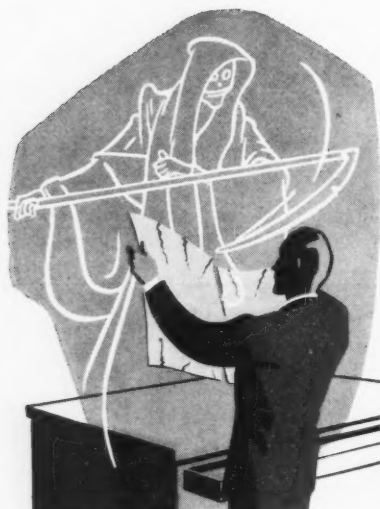
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See how The Barrett Company, well known in the building industry, will identify its Approved Roofers in the 'yellow pages'—in order to direct business their way.

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by reducing its tax burdens, and freeing it from unnecessary restrictions. Fourth, that the way to decrease the supply of labor is to exclude immigrant labor, to stop subsidizing the breeding of low-grade intelligence and to stop otherwise encouraging very poor people to have more children than they can care for and educate.

Higher standard of living

IF WE have the patience and the courage to work persistently on this kind of program, there is no limit to the progress we can make. We can continue to increase our *per capita* production and to distribute our increasing products less unevenly. Absolute equality is, of course, impossible without a forcible leveling down.

When the masses have more and more purchasing power, men will continue to get rich by catering to them, but that, in itself, will raise their standard of living. The riches of the rich will then be not a measure of their predatory power, but of their power to supply the masses with what they want; not a measure of what the rich have subtracted from the general well-being, but a measure of what they have added to the general well-being.

Such a program holds out greater promise for the employed classes than any new and untried system. The first step in working out such a program is to save our economic system from destruction by the subversive forces that are trying to undermine it.

BELLRINGERS



Solving Parking Problems

METERED PARKING, first tried in Oklahoma City last summer, came to grief in Dallas. According to the *United States Municipal News*, Dallas tested the legality of its new parking meter law and got an opinion that authority is lacking under the existing ordinance to fine a motorist for overparking unless an officer can testify that he saw him operating the vehicle at the scene of violation. Now the ordinance must be amended so that the presence of an automobile in the metered zone for longer than the paid-for time limit—one hour for a nickel—will be sufficient evidence to convict.

Following the example of Oklahoma City, which reports average fees of about \$80 a day for parking-meters in its business section, several other cities are considering buying the parking meters "on trial." Among these are Fort Worth, Atlanta and El Paso.

Spokane's new traffic code abolishes the 15-minute limitations from commercial zones and provides that trucks or pleasure cars may park in those spots long enough to load and unload freight or passengers. A one-hour limit is set for all other parts of the retail congested area.

Jacksonville's mayor reports success with a plan which restricts parking in one business zone. Motorists must consult officers on the beats, explaining how long their business will take. The officers are given discretionary authority in permitting parking.

In another zone parking is limited to two hours. Washington, D. C., has a similar plan.

Los Angeles has tried painting the curbs to designate parking space limitations. Red curbs designate "prohibited" areas, yellow curbs, "momentary parking" for loading or unloading, and green, "parking allowed for 20 minutes."

Japan's Bid for World Trade

(Continued from page 22)

and 1934, and for the first nine months of 1935 showed a further gain of more than 27 per cent. In this situation, together with the possible business Japan is taking from the United States in markets of other countries, lies what is sometimes termed the Japanese threat to American industry.

An analysis of these imports indicates that they constitute, in the main, a wide and diversified list of manufactured goods in low-price grades. Among the dutiable imports which showed marked increases in value since 1929 are:

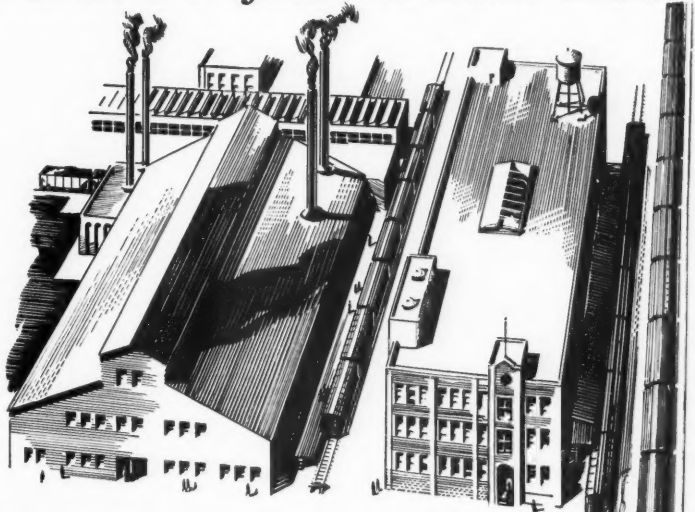
	1929	1934
Tuna fish	\$ 12,000	\$1,204,000
Rubber toys	70,000	263,000
Countable cotton cloth	189,000	363,000
Silver-plated table ware	9,000	402,000
Incandescent electric lamps	38,000	479,000
Incandescent electric lamps, miniature	81,000	352,000
Combs	71,000	265,000

Of these articles, the most important has proved to be cotton cloths. In the first eight months of 1935, the value of such imports jumped spectacularly to \$1,213,000, or more than three times their total value in 1934. From supplying only 2.2 per cent of our total imports of cotton cloths, by quantity, Japan now supplies 59 per cent. Not the quantity of this cloth, but its price constitutes the real problem for our textile industry. The unit value of these imports is only 4.9 cents per square yard—in comparison with an average of 15.9 cents for all such imports in 1934—and they have been selling at about three-quarters of a cent per yard less than domestic manufactures.

While an unofficial agreement with Japanese exporters now limits further expansion in these exports to the United States, the effect of the low prices of Japanese cotton cloths is far more demoralizing to domestic markets than total import figures would indicate. This is also true to a marked extent of other imports from Japan. American industry cannot compete on a price basis, and even though it still holds the great bulk of the domestic market for these various commodities—and will continue to hold it—this new competition is a disturbing factor in certain specific lines.

In the same way, American exporters must face this competition in foreign markets. Here again, however, there is little evidence that the United States has actually lost any appreciable trade to Japan. The bulk of our

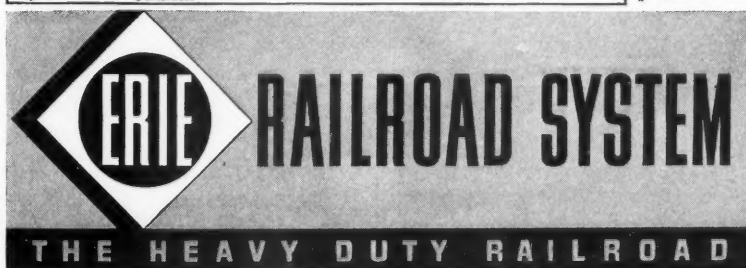
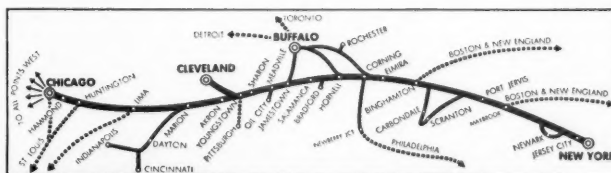
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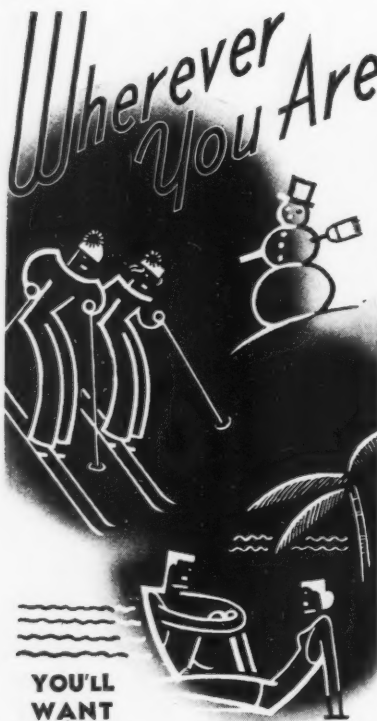


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exports go to Canada, Europe and Japan herself; they do not seriously compete with Japanese exports. Even in those parts of the world where Japan has made the most spectacular gains—Asia and Africa—American exports have declined proportionately less than have total American exports. Further figures could be cited to show that such losses as we have sustained have been due to other factors than Japanese competition, and only in isolated instances have the type and grade of our exports been sufficiently like those of Japan to create a serious problem.

More threatening to our interests than this possible competition is the danger that, to expand her markets and also to obtain raw materials, Japan will work out exchange agreements with other countries which will tend to deflect from the United States those purchases of raw cotton, scrap iron and steel, petroleum products, refined copper, and automotive equipment which are the basis of our trade with her. The understanding reached with India by Japanese textile interests whereby finished goods are sold to that country in proportion to the raw cotton purchased, and barter agreements with Brazil and Peru for the exchange of manufactured products for raw cotton are cases in point. Japan is trying to solve the problems of her national economy by building up foreign markets which will enable her to obtain, in exchange for her manufactured exports, the raw materials necessary for their production and also for the manufacture of the products for domestic consumption.

American industry, if it wants to retain its share of the important Japanese market, consequently cannot afford to begrudge Japan her increased export trade. The instances

in which it directly conflicts with either our domestic manufactures or our exports are not as important as the larger gains to be made from selling to a more prosperous Japan, or in other markets where the low priced Japanese goods have increased the available funds for purchases of distinctively American products. Where competition is unduly severe, Japan has shown a willingness to work out a mutually advantageous solution of the problem, but in many cases, especially in Asia and Africa, Japan is selling goods at price ranges which reach a group of buyers outside the market for which comparable American goods are manufactured.

The real challenge to American industry in the present situation involves Japan's status as a potential customer for American raw materials, semimanufactures, and finished articles in lines which she does not herself manufacture. Can the United States continue to supply her at price levels which will attract her purchases? To meet the competition of the products of other countries selling to Japan—cotton from India, Egypt, Brazil; tinplate from England and Germany; aluminum from Canada, wheat from Australia—is more important than combating the inroads of a few Japanese products in our domestic markets or in isolated foreign markets.

For it remains true that the trade between the United States and Japan is of great mutual benefit and is largely supplementary in character. And while it is based primarily upon an exchange of raw cotton for raw silk, it further offers the United States a growing market for other products which Japan's general trade expansion should serve to enlarge still more.

Coming in June

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Churches and a "New Social Order" . . .

By The Rev. Marion D. Shutter, D. D.

A clergyman warns against the spirit of the times which voices itself in the demand for something that will replace the "capitalistic system" and suggests some of the dangers the church may face if such a system is actually found.

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By Felix Bruner

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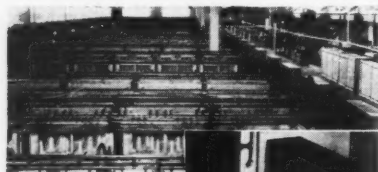


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Above: View of main knitting floor at Greensboro. Right: Iron Fireman installation at Greensboro, made by Jack W. Hardie, Iron Fireman dealer, Greensboro, North Carolina.

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Seeking Social Security

By WARREN BISHOP

Of the Staff of Nation's Business

THE Social Security Act was signed in August of last year. Three months later its signer, President Roosevelt, called it "that supreme achievement of the present Congress."

This "supreme achievement" provides many things under the name of social security. In addition to enabling the several states to make more adequate provision for aged persons and for the administration of their unemployment compensation laws, the Act deals also with "blind persons, dependent and crippled children, maternal and child welfare, public health." All "to provide for the general welfare."

Preached age insurance

IT IS natural that the President should be enthusiastic over the Act. He was preaching old age insurance and unemployment reserves when he was governor of New York. In his book, "Looking Forward," built on his campaign speeches and issued just as he became President, he said:

We shall come to unemployment insurance in this country just as certainly as we have come to workmen's compensation for industrial injury; just as certainly as we are today in the midst of insurance against old age want.

Care for the aged, the unemployed, the helpless from one cause or another is no new thing, nor is it the issue of any individual or any party. Business has for years been advancing its plans for the care of its own. Through private pension plans industry has paid out a hundred millions a year to those retired for age. Many companies have provided unemployment reserves.

But the Social Security Act is the first effort to bring the whole problem of care for the old or helpless under federal aegis.

More than the bargain

SO FAR the President got what he wanted: in fact, he may have got more than he wanted, for the bill that the Congress enacted and he signed has been attacked from almost every quarter.

It is a hodge-podge of legislation, ill planned, ill drafted, difficult to administer. It confers benefits on those who do not need them, places upon industry a tremendous burden of bookkeeping and taxation and threatens our whole economic and financial system.

If that seems a severe indictment, I quote another:

The inherent and unnecessary blunders in the Act cannot but affect adversely the fate of a constructive social insurance movement in the United States. Its administrative perplexities, coupled with its economic and social fallacies, will tend to create a great deal of antagonism to the entire movement.

And that is from Abraham Epstein, Executive Director of the American Association for Social Security.

Union labor doesn't like the bill as it stands; industry doesn't like the bill; even the Congress which passed it apparently didn't like it, since it gave the Social Security Board "the duty of studying and making recommendations as to the most effective methods of providing economic security through social insurance."

In other words, the Congress, having passed an Act, turns over to the agency entrusted to its enforcement the task of finding out what the Act should have been.

Causes for opposition

WHAT are the objections to the law? Why is it meeting such general opposition even from those who have been fighting the battle for social security?

To answer that question it is necessary to break the bill up into its three major parts:

1. Federal grants to states to share in the relief of the indigent, whether helpless through age or physical infirmity. Such funds come from the Federal Treasury with no special taxation provided. They are conditional upon the states maintaining relief plans satisfactory to the Federal Government.

2. A federal plan for old age benefits. It applies to all who have worked a certain time and reached a certain age no matter what their need. The amount depends on time worked and wages received. Funds are raised by federal taxation on employers and employees. This plan is operated by the federal Government.

3. Unemployment benefits. This section is planned to force the states to pass measures to care for unemployment. Total pay rolls are taxed. If the state has an approved unemployment bill, most of the money goes back to the state; if not, it all remains in the Federal Treasury.

Since the unemployment feature of the Act is now operative—at least payments are to be paid on this year's pay roll—let's first consider that measure.

The first criticism aimed at it is that it is an unprecedented and dan-

gerous extension of federal power over the states. It is an effort to force the states to adopt legislation that suits the Federal Government or pay a heavy toll. Here's what has happened in the case of one recalcitrant state:

One state objects

VERMONT, largely non-industrial with a small population, called its legislature into session and decided to pass no bill for employment reserves. Its attorney general was of the opinion that the bill was not constitutional. However, Vermonters are ready to pay into Washington early next year some \$250,000 on a yearly pay roll of \$25,000,000. In effect Vermont says:

"We don't approve of this bill. If it is unconstitutional we'll get the money back. If it is constitutional we'll lose the \$250,000 and have to pass some sort of a law. Meanwhile, we'll bet a quarter of a million that the law is not upheld in the courts."

But while the federal Act sought to force the states to pass laws setting up unemployment relief, it didn't go so far as to set forth exactly what law they should pass. The result is that the 48 states and the District of Columbia will pass (12 have already passed) 49 laws, no two of which may be exactly alike.

That brings up one of the most serious objections brought against the unemployment feature of the Social Security Act—its complexity.

Who is an employee?

HERE'S a large manufacturing corporation. It has plants in 15 or 20 states; it has salesmen in every state; it has sales agencies, directed from the home office in all the large cities; it has another type of agent in thousands of smaller communities. Which are "employees" within the meaning of the law?

Is a salesman who is paid solely by commission an employee or is he an independent business man. In one or more states a distinction is made, perhaps, between "wages" and "salaries," between the manual workers and the clerical workers. How do you determine which is which? Is the superintendent of a building a clerical worker or an executive because he keeps records and bosses a crew of cleaners and elevator operators, or a manual laborer because he picks up a wrench and replaces a worn washer?

Those who complain against the complexity of the act and point out the difficulty of dealing with the tangle of state laws are told:

"Yes, but we didn't want to strait-jacket the states into passing a uni-

form law. We wanted to preserve for them their autonomy."

In other words, those who drafted the Social Security Law wanted to force all the states to pass measures for unemployment compensation but they hesitated to tell them what was the right way of doing it.

As a result we have pooled funds where all the payments go into one fund, individual reserve funds where each employer's contribution is kept separate, or various combinations of the two.

It is not a complete condemnation of a law to say that it is complicated and difficult to enforce. A graver charge is that it is unjust; that it penalizes some employers to the advantage of others.

Insurance that's inequitable

HERE is a company which has a record of stable employment. The number of its employees has steadily grown. It has rarely discharged a worker except for his own fault. Here is another company which is constantly increasing or reducing its number of employees. Its business is highly seasonal or much influenced by fashion.

Should the former company contribute the same percentage of its pay rolls as the latter? Isn't it like charging the same rate on the life of a cancerous person of 57 as on a healthy man of 22? Differential tax rates to meet this objection ultimately will be permitted. Meanwhile the companies with good and bad records are all being treated alike.

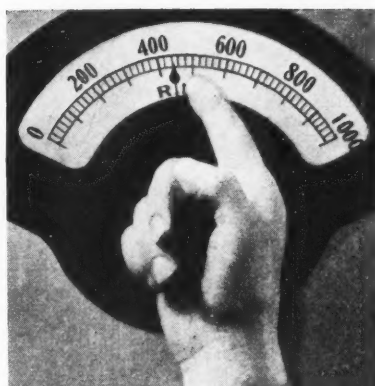
The problem of merit rating leads up to the one most cited objection to unemployment payments. That is that it is not an "insurable" risk. If you ask an individual if he'll die and if his house will burn up this year, he can't answer you.

Ask the insurance companies kindred questions about 500,000 human beings and 100,000 houses and they'll give you pretty accurate answers. Ask them—or anybody—how many workers out of 500,000 will be unemployed at a future date and no one can tell you.

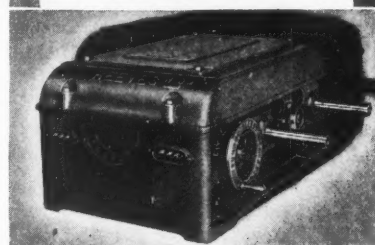
More experience needed

IF unemployment isn't an insurable risk how can we provide for it, how can we levy on pay rolls what in other lines would be called a premium? The answer is that if we are to have laws caring for the temporarily unemployed, they will have to be tried out by rule of thumb, pooled and non-pooled plans will be tried, merit rating will be tested in some states.

Perhaps in future years we shall evolve a workable plan, or we may



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find that the federal Government has no power to compel the states to pass laws by exercising its taxing powers. Perhaps we shall turn back to the states and to individual owners the task of providing for their own. Perhaps we shall learn that legislation which is wise in Texas is utterly unsuited to the crowded industrial state of Rhode Island.

Meanwhile, any employer of eight or more persons must set aside one per cent of his total pay roll for 1936 to be turned over to the Federal Government in January, 1937, less what he has paid into a state fund up to 90 per cent of the total. He must also, if he is wise, watch carefully proposals for unemployment relief in his state.

He must consider the advantages of pooled or non-pooled plans and of merit ratings. He must know the laws of other states in which he has employees.

At least, lawyers, accountants and workers of bookkeeping machines ought to thrive.

If and when all the states have passed unemployment benefit laws, and the whole vast machine is in full swing, lives of some 25,000,000 people may be affected.

To many included?

WHEN the provision of the Act dealing with old age benefits is in full blast, many more millions will be affected, since all workers for hire with a few exceptions come under its provisions.

M. A. Linton of the Provident Mutual Life of Philadelphia, in a recent article in the *Atlantic*, gives this illustration of its universality:

Anyone who works on at least one day in each of five different calendar years after 1936 and before his sixty-fifth birthday is entitled at 65 to a pension, provided the total wages equal or exceed \$2,000. Therefore, many who stop working while relatively young will be entitled to a pension when they reach age 65. For example, a stenographer who, after 1936, works from age 20 to age 25 for total wages of \$6,000 and then leaves business and gets married will be entitled 40 years later to a pension of \$17.50 a month."

To accomplish a purpose so widespread as this, to provide what the law calls "Federal Old Age Benefits" and to set up an "old age reserve account" call for the accumulation and spending of a vast amount of money. The accumulation is by an income tax on wages paid to employees and an excise tax on the same wages paid by employers. The rate is the same, beginning at one per cent each for 1937 and moving up by degrees until, after 1948, the rate is three per cent each. A man who earns \$1,200 in 1937 will pay \$12 of his income and his

employer will pay \$12 for him. In 1949 each will pay \$3 a month. It is easy to see how the money will roll in.

A total taxable pay roll of \$30,000,000,000 is to be expected before this century is half gone. It will be liable then to three per cent by the employer for unemployment, three per cent by the employer for old age pensions and three per cent by the employee for the same purpose—a levy of \$2,700,000,000.

One estimate by a skilled accountant is that in 1980, the total direct taxes for unemployment and old age pensions under the Social Security Act will be \$3,410,000,000 and that, in addition, we shall be spending for old age assistance and other reliefs \$2,572,000,000, a total of nearly \$6,000,000,000 to be added to our tax bills.

A fund for spenders

GRAVE as that problem is it does not excite the concern among thoughtful men that the possibility of the vast accumulated surplus called for in the law arouses. The Government's estimate is that it will reach \$47,000,000,000 by that same year, 1980. The national income of the United States in 1933 was less than that.

What would be the effect on our national life if such a fund piled up in the National Treasury? Remember, in any speculation as to the answer of that question, Congress has its hand on the money. The tax payments by employers and employees will continue, but, says the law, "There is authorized to be appropriated an amount sufficient as an annual premium for the payments required."

In other words, the Congress may do as it pleases with the money flooding in from levies on pay rolls. If it follows the suggestions of the Act, the fund may reach the \$47,000,000,000, but the itch to spend will become uncontrollable long before it reaches any such amount.

The rule of a pension bloc

IF we have 25 or 30 million workers who are also voters paying in from week to week money to care for them in their old age, they are certain to grow conscious of the growth of the fund and to ask one or both of two things, increase the amount paid in pensions, reduce the age limit at which pensions begin.

We have seen the power of a bonus bloc of three to four million. What would be the power of a pension bloc of 25 to 30 million eager for more and quicker money?

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Board this question of a dangerous accumulation of reserves at the disposal of the Congress and the answer runs something like this:

"These reserves would not become large enough to be a problem for ten or a dozen years, and in that time the whole subject can be reargued and resettled. Critics of the plan of accumulating reserves seem to fix 1980 as the time when the reserves will become dangerous. There's lots of time before then to reconsider the law."

In other words, let's not worry. Before the disease grows really serious we shall have plenty of time to check its spread.

There are other objections to so huge a reserve as may be accumulated under the existing Act. One is that Government with its power of taxation has no need of such a reserve. The millions who care for their future through buying policies in life insurance companies enter into a contract and cannot be subjected to a levy beyond the premium they agree to pay.

The millions who are to be insured by this Social Security scheme can pay a greater or a lesser amount if the Government so ordains. A government fund of \$40,000,000,000 upon which \$1,200,000,000 interest is to be paid is nothing short of fantastic.

A dilemma of saving

HERE you have a Government acquiescing in the accumulation of a \$40,000,000,000 dollar surplus and saying to business through a corporate surplus tax:

"No, no, you mustn't save so much, it's safe in my hands but dangerous in yours."

And isn't the same Government in its Social Security bill saying to the individual:

"Why save? If you're out of work, I'll look after you; if you grow old without savings, I'll see that you are kept from the privations of old age."

But is it the Government's task to say to its people, "We will save for you, we will care for you when you are out of work or when you grow old?" The Social Security Board is ready with its answer. It will tell you that this approach to the problem is unescapable, that unless the federal Government takes over the task, there will be no such thing as social security. But, if the federal Government does take over the task, then we shall see built up a machine centering in Washington and spreading out into every state and every community.

Already the Social Security Board plans a dozen regional offices and a hundred branch offices under them and 1,000 local offices, and so on.

What about the records to be kept? There are 20 or 25 million men and women who may draw unemployment pay at some time. There are 25 or more millions who will draw old age payments in proportion to the years they have worked and the pay they have received. Of all these the federal Government, the states, and the employer must keep track. Let's imagine a case:

Nourishment for bureaucracy

YOU are 50 and have a son of 22 and a daughter of 20. Both go to work. The boy gets a job in a printing office. In two years or ten he finds another and a better job. He's making estimates on printing costs and prices. He fights his way along and sets up his own business. But all those days of work must be counted up against the day he reaches 65 and is eligible for old age payments—and, as we have said, his need doesn't enter into it. Your daughter works five years, marries and raises a family. She, too, must be put on record. No one has yet dared figure what the bureaucracy of the Social Security Act will cost, the number of government employees it will need.

Put this situation up to the Social Security Board and the answer is:

"We feel that the administration of the Act is feasible. Plans for the solution of the problems involved are developing satisfactorily and will be announced in plenty of time."

All that has been pointed out here, and it has touched only the major objections, has been critical.

If any one rises with the old complaint:

"You are only destructive. Why don't you suggest a constructive plan?" the answer might take these lines:

Let us reconsider the vital question: Is this a federal job? Have we exhausted the possibilities of the states and individual employers in caring for the unemployed and the aged? Is there not a fear of discouraging the individual from caring for himself by savings and insurance?

Are we wise in permitting the accumulation of this vast and dangerous surplus? Isn't it possible to put the whole social security plan on more nearly a pay as you go plan? The Government has unlimited powers of taxation to meet any prospective deficit.

Can't we in some way meet the obvious inequities if we decide to keep a federal plan? The present Act discriminates in favor of those who have worked only a short time. Some persons would pay from two to a dozen times as much proportionately for retirement as others.

In short, the law as it stands is full of injustice, dangerous to the financial structure of the country, creative of vast bureaucracy.

Why should it not be reconsidered and redrawn?

Climate is an Asset

THE Californian's willingness to talk about the climate has been the foundation for almost as much of our national humor as mothers-in-law or the Model-T Ford. Since I number several Californians among my acquaintances, I have always regarded this humor as more or less unfounded. Californians talk about other things than the weather.

However, as I study my notes on the train returning from a trip to California I must admit that, even if Californians talked of nothing but the climate, I wouldn't blame them.

I have just learned that the climate is worth to Southern California alone exactly \$123,923,069 a year.

This precise measurement is made possible by the efforts of the All-Year Club of Southern California, Ltd., of which Don Thomas is managing director.

I made it a point to meet Don Thomas. We fell to talking about business. I thought I knew a good bit about California's major industries. There is oil, of course. And there are citrus fruits, and motion picture production.

Touring, a major industry

"YOU left out one of the most important," said Mr. Thomas. "That is the tourist industry."

It is, in fact, Southern California's second biggest source of income. Oil leads with \$135,000,000 annually. Then comes the tourist business at the figure just quoted, trailed by motion picture production at \$97,748,000 and citrus fruits at \$81,012,155.

"In fact," said Mr. Thomas, "tourists built Southern California," and he told me why.

The story begins in the depression of 1921. In that year a group of Los Angeles business leaders met to canvass methods of stimulating trade and employment. In the course of the discussion somebody mentioned the climate. Humorists will tell you that was inevitable, but the speaker in this case was listing capital assets which might be better used.

His idea was that the climate was being wasted. For 50 years eastern business men had been coming to Southern California to spend two winter months. But they shunned the area in summer, feeling, no doubt, that a winter resort could not possibly have an agreeable summer climate. Obviously ten months of excellent climate were being sacrificed each year.

To stop this waste a community

organization known as the "All-Year Club" was created to sell the nation the idea of making summer as well as winter vacation trips to the state. Business men who attended that first meeting induced the entire community to underwrite a national advertising campaign so that, instead of the more or less haphazard methods previously used, the enterprise could be undertaken in a broad-gauged way. The results were instantaneous and amazing.

Markets were improved

SUMMER tourists came in droves. Over a period of time it was found that one out of every ten who came to visit eventually returned to locate, to invest, to build a home. Since population is a pre-requisite to industry, these former tourists helped other lines. They made a consumer market. Soon factories sprang up.

Today, on the theory that the benefits are universal, the advertising effort is financed by taxes. The Club receives funds from the county to carry on its work; its advertising committee, on which experienced men serve without pay, prepares the campaigns, and the bills are audited by the county auditor.

So successful has the effort been that, although the winter tourist season has doubled, the summer business now exceeds it by 50 per cent.

But the All-Year Club thinks it should be bigger.

"How big do you think it might be?" I asked Mr. Thomas.

"Well," he said, "Roger Babson estimates that Americans spend about \$5,000,000,000 on pleasure travel every year. The Manufacturers' Trust Company sets the figure higher than that. That means that the tourist business is bigger than the automobile business, the iron and steel business or the petroleum business. We have increased our tourist business 400 per cent. We could increase it another 400 per cent and still leave plenty for other people."

"And," he added, "don't think other people aren't going after it."

Thirty-four states, Mr. Thomas tells me, have legislation permitting a nominal tax to be levied for advertising purposes. Maine, New Hampshire, Vermont, Massachusetts, New York, Virginia, Florida, Texas, Michigan, Minnesota, Wisconsin—among others—are making sums available for tourist promotion.

And this is but a starter. Groups



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Presiding over a well-equipped infirmary is a busy job for this nurse in a large industrial plant. Would be busier, she knows, without *Onliwon Towels in all washrooms. For the way these towels keep colds and other infections in check leaves her more time to care for cuts, sprains, and bruises—keeps the treatment of colds on an individual rather than an epidemic basis. Onliwon Towels do a thorough job of drying hands and faces, are pleasant enough to use to encourage frequent washings. Yet it takes fewer of them to meet the day's requirements. Onliwon is a sanitary drying service that has a common-sense appeal in dollars-and-cents economy.

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WE'D like you to know more about us, and we believe that you'd be interested.

We kept that in mind while making up our General Foods Annual Report for 1935. We tried to keep it clear, compact, and interesting, remembering that its purpose was to take the general public behind the scenes, as well as to keep our employees and our 63,000 stockholders informed.

In this report is included a special message to the public, telling them how several food companies by banding together have been able to render better service.

Our report is now ready for distribution, and we will gladly mail you a copy upon request. Write Dept. 11.

GENERAL FOODS

250 Park Avenue
New York City

of business associations in individual communities with anything at all to offer the visitor have been getting into the game.

Even nations have become tourist conscious.

Canada's parliament last year voted a \$200,000 annual appropriation, and there is agitation to raise it to \$500,000.

Russia has recognized in tourist revenues an opportunity to import new wealth.

Hitler in Germany has actively fostered government tourist development.

Mussolini has used full page advertisements in American publications to urge Americans to visit Italy.

The head of the Government Tourist Bureau in Japan occupies a position even ahead of the chief of the

Government Railways.

"So," says Mr. Thomas, "we have to keep hustling. Southern California has \$756,000,000 dollars invested in facilities catering to tourists, and nobody knows how many jobs depend entirely or in part on tourists, or how much our tax rate is reduced because of these visitors.

"Anyhow, everybody from bootblacks to bank presidents is learning to appreciate that this is a new industry, a new source of jobs.

"Cities and towns that once engaged in mad scrambles for new industries have turned their attention to this new type of development. I shouldn't wonder that, when the history of the next decade is written, the tourist business will be found to be one of our greatest national industries."

—MERLE THORPE



UNDERWOOD & UNDERWOOD

Coördination on Relief

CONTINUANCE of the Administration's efforts to bring about joint action by organized labor and industry in behalf of improved business and labor standards and reemployment, with special emphasis on the latter, is seen in the recent reappointment of George L. Berry, long a leader in union printing pressmen's circles, as Coordinator for Industrial Cooperation.

Originally appointed last September 26 under authority of the now-expired National Industrial Recovery Act, Coordinator Berry—or rather his organization, since he draws no salary—has now "gone on relief," President Roosevelt having reappointed him March 30 under authority of the Emergency Relief Appropriation Act of 1935 and financed the extension with an allocation of \$100,000 from relief funds.

Activities of the Coordinator until a few days after his reappointment were largely given over to the organization and promotion of the Council for Industrial Progress, which had its genesis in the stormy meeting of labor representatives and a number of industrial representatives and observers in Washington on December 9. Many large industries—

rubber, automobiles, steel and cement, to name a few—scenting an effort to revive NRA, did not participate in formation of the Council and have taken no part in its deliberations. To date these deliberations have resulted in the submission of reports by seven committees, on which labor and management have equal representation. Incidentally, consumers also were supposed to be represented, but their voices have not been raised above a whisper.

The reports make a number of recommendations: amendment of the antitrust and Federal Trade Commission laws; financial aid to small industries by the Government; withdrawal of Government from competition with private enterprise except under special conditions; and others.

Two days after his reappointment Coordinator Berry announced his participation in and organization of the "Labor Nonpartisan League," formed for the nonpartisan purpose of meeting "the reactionary and defeatist elements who seek the defeat of the President."

Coordinator Berry said his league plans a special fight in "the pivotal states" of New York, Pennsylvania, Ohio, and Illinois.

A South American Indian Uncovers Unseen Value

FOUR CENTURIES ago an Indian herder was climbing the steep slopes of the cone-shaped Cerre Gordo de Potosí, in Bolivia. The little town of Potosí, probably the highest in the world, was perched on its northern slope.

Crawling up the narrow trail to a height of 15,000 feet, the Indian paused for a moment and looked out over the world sprawling below. It was good, he told himself, resuming his climb.

A stone rolled under his foot. He lost his balance. His hand flashed out, grasped a bush. The bush gave way, roots and all. Recovering from his fall, the Indian looked in the gaping hole left by the loosened bush. His eyes beheld the *unseen value* of that barren mountain . . . glittering masses of metal . . . the crust of a deposit which yielded nearly five billion dollars in theretofore *unseen value* . . . native silver.

* * *

Like the priceless silver lode of Cerre Gordo, the *unseen value* in motor cars is not visible to the eye. It is not interpreted alone in iron, rubber and steel. It is not expressed only in beauty, safety, power or speed. These are the familiar qualities of a motor car—the qualities

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THE STORM IS OVER AND WHAT A JOY! ALKA-SELTZER HEADACHES AWAY

THAT'S JUST HOW ALKA-SELTZER HEADACHES AWAY

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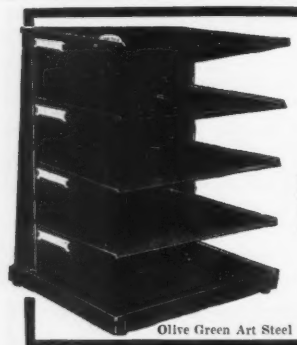
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How to Prevent Unemployment

(Continued from page 24)

tions to which you would like to get an answer. Those questions are:

How can I be assured a living wage?

How can I be assured a steady job?

If management could answer those two questions to the worker's satisfaction, most problems in industrial relations would be solved. For a living wage should be ample to provide, not only for immediate subsistence, but for the security of the worker and his family. American industry has long recognized this principle. American high wages and the American standard of living are based upon this principle. Wages have advanced steadily over the years in the steel industry upon this principle. Unfortunately conditions have arisen which interrupted all these efforts, weakened markets, reduced productivity and threw many workers out of employment. It was possible for some plants to care for their employees in spite of huge losses.

These efforts, however, proved to be inadequate because the crisis stretched over too long a period. In the durable goods industries which suffered most, individual firms made costly efforts to meet the situation. In spite of their heavy losses, they did this first by spreading the work, then by piling up unnecessary inventory, and finally by direct aid. The situation of both the employer and the employee did not improve because the markets did not improve.

The worker has been disturbed by his experience in the past six years. The American worker does not want to live on charity. He wants to live on his wage.

The steel industry is constantly being attacked by radical elements in the trade union movement as inhuman to labor. As a matter of fact, the steel industry has led the country in humanizing the relations between the employer and the employee. In the matter of safety, steel was a pioneer. In the matter of wages, steel's average hourly rate long has

been higher than the average industrial wage in this country, and is much higher than the rates paid for similar labor in other countries.

Why should the labor unions then attack steel? Have they produced better conditions and higher wages for similar work in the industries which they dominate? The answer is quite simple. The trade unions resent the fact that they have invariably failed to influence, force or coerce steel workers to join them.

In our industry, workers know the steel business. They know that management is doing the best it can for them in the present circumstances. They know that if they allow the labor politicians into the steel industry, the effect will be only to disturb an industry which is just beginning to get back on its feet. The workers are cooperating with management to put that industry back on its feet. The workers, as well as employers, distrust these labor politicians.

It is the present tendency to assume that employees and employers are on opposite sides of the economic fence. Many would have us believe that business men are entering into a conspiracy to prevent employees from getting steady jobs or fair wages. How can this be so when, as any worker in the steel industry knows, management has usually come out of the plant? They know that the big executives were once workers and that, in this country, no class fence stands between the employer and the employee.

If industry is to provide men with steady jobs it must be able to meet pay roll out of production. But also it must not face the burden of excessive taxation which will imperil its market.

The ratio between income and taxation may be clearer if we divide a business dollar into its parts:

- First, wages and salaries,
- Second, purchase of raw materials and supplies,
- Third, maintenance of plant and equipment,
- Fourth, taxes, interest and other fixed overhead charges,
- Fifth, dividends, if any.

In most manufacturing businesses, wages get by far the larger share of the business dollar. In the steel industry, for instance, 40 per cent of income goes to wages.

Now you cannot add any excessive amount to any one of these divisions of the business dollar without taking it away somewhere else unless the total is increased. If business is forced to pay more for taxes, it has

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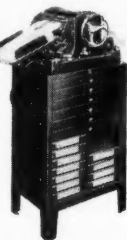
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to pay less for something else. Extremely high taxes will first attack dividends but they may also eventually result in decreased wages. To some extent, increased taxes might be added to the price of the product and thereby indirectly increase the cost to the consumer. This, in the end, would defeat itself because increased prices might lead to lower consumption—which, in turn, would mean less employment.

Those who propose to tax business for social security place major emphasis upon provisions for unemployment, whereas if the unemployment problem is to be solved, the emphasis should be put upon policies which will make for steady and increasing employment by industry. The various measures which tend to discourage business through threat of a tax burden heavier than business can carry, are, therefore, helping to prolong the very unemployment which they are designed to relieve.

Confidence to build

THE great need of business today—and of employees today—is confidence to warrant the investment of large funds in projects looking toward the future. Never in the history of this country has the need been greater for new industrial ventures and for the investment of money and man-power in industrial reequipment. More than half of our present equipment is obsolete. Today's replacement needs alone run into billions of dollars. New inventions and new research developments have unearthed countless products which industrialists are eager to produce—and would produce—if the future held any promise of stability. In the field of home construction and home equipment, potential equipment markets are almost limitless.

In the steel industry, steady work could be provided over a long period if it was possible to plan with some assurance for the future. Many new markets have been developed in the steel industry and vast potential markets are visible upon the horizon if business and capital are permitted to proceed under conditions which do not hamper enterprise.

Courage is not lacking in the United States. Initiative and opportunity are not lacking. We have been through a terrible crisis which has taught us much. To me, its most deeply engraved lesson is that only out of productivity, only out of increased productivity can industry—the employer and the worker—prosper. But this prosperity, to be real, to be effective, must be based upon understanding and cooperation, not upon paternalism and class warfare.

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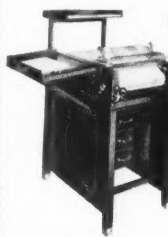
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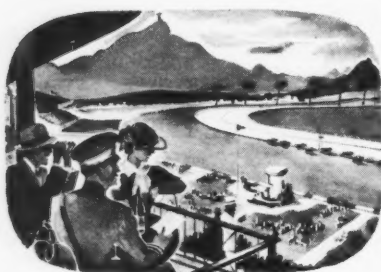
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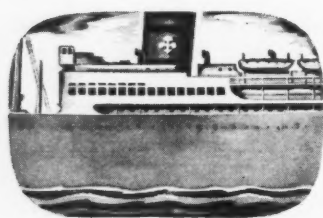
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The Fuller Life at Reedsville

(Continued from page 28)

blank and paying one dollar. Local observers report that few have signed or paid as this is written, and declare that homesteaders are not generally buying at the store because of high prices. Together with some of the Arthurdale teachers, they do much of their buying at stores in Masontown. Shortly after the co-operative opened, comparison of prices on certain items between the co-operative and Masontown stores showed flour at the co-operative selling for 98 cents for 25 pounds and at 75 cents for 25 pounds in Masontown. Canned milk was nine cents per can at the co-operative and six cents per can, four cans for 23 cents, at Masontown. Brands were dissimilar in this comparison, though qualities were approximately the same.

Vacuum cleaners or what?

A FACTORY building has been constructed along the tracks of the Baltimore and Ohio Railroad near the northern boundary of the Arthurdale tract. At the same time the copy of the "temporary licensing agreement" form was promised me, the representative of the Information Department of RA told me that this factory was constructed by the General Electric Company to manufacture vacuum cleaners, and is expected to employ from 40 to 50 homesteaders. The building was completed in the summer of 1935, but early in January, 1936, all doors were securely locked and no machinery was yet in place. On February 7, 1936, the General Electric Company, over the signature of one of its officers, stated that it had "no definite plans for operating this factory. The factory was built and is owned by the federal Government." Obviously, the foregoing statements concerning construction and operation of the factory are contradictory. As for myself, however, I have no great difficulty deciding between them.

Since coming on the project, homesteaders have been employed on the project itself under various alphabetical work-relief agencies. They work six hours a day, five days a week, and receive an approximate average of \$70 to \$75 a month. A few find employment, under arrangements not made completely clear, in the furniture factory, weaving rooms, and forge of the Mountaineer Craftsmen's Cooperative Association located in the buildings at the community center.

This cooperative association was

started at Morgantown, W. Va., by the Society of Friends, and later moved to Arthurdale. Its shops and looms are admirably equipped with machinery for turning furniture, working metals, spinning pewter, and weaving. Certain homesteaders work here at different times, their output being sold by mail—in Philadelphia and Morgantown—and to visitors. The majority of homesteaders will continue to be employed on the project by WPA in building the third unit of houses. Unless the vacuum cleaner factory starts operation and is enlarged by the time this unit is completed, the employment problem will be unsolved.

What has been the cost of the project to date? What will be its ultimate cost? Nobody knows. At least the figures have never been disclosed. According to available information, a million dollars was originally allocated to Arthurdale. This is understood to have been exhausted about midyear, 1935, and another million dollars allocated. Unknown thousands of dollars were put into the project in the form of labor under sundry alphabetical relief agencies. At the outset, upwards of a thousand men were transported to Arthurdale by truck from the vicinity of Morgantown daily for several months. Based upon rates of wages paid relief workers generally, these men must have received about \$70 a month, and it must have cost not less than \$10 a man a month for transportation—probably more.

The labor of these men, therefore, would have cost approximately a quarter of a million dollars for three months—paid out of funds other than those allocated to Arthurdale, but definitely a part of the cost of that project.

Expensive homesteads

COUNTING the million dollars reportedly spent by midyear, 1935; the relief labor which has gone into the project; and the construction which has taken place since midyear, 1935, and chargeable against the second allocation, the total spent to date becomes not less than a million and a half dollars. Dividing this by 125, the number of homesteads now completed, each homestead should bear a cost of \$12,000. This cost figure may have influenced the abandonment of 46 subsistence homestead projects as announced in the press late in 1935.

Some time ago the statement was made in the press of Preston County,

W. Va., and not challenged, that the money which up to that time had been spent at Arthurdale, would have bought farms with outbuildings and habitable houses in the vicinity for 700 families—instead of 125—each farm ranging from 25 to 50 acres—instead of from two and one-half to five acres.

Each of the 700 farms could have been stocked completely, and each of the 700 families given \$500 in cash as working capital. In addition, the fund would have been sufficient to open every closed bank in Preston County, paying every depositor in full; and when all this had been done, a balance would have remained in the fund.

Partisan politics has reared its head at Arthurdale, and employees whose political affiliations are not those of the Administration have been replaced with loyal partisans. Local observers, acquainted with conditions, declare that all executives, straw-bosses, and timekeepers are now of one political faith.

Miners still mine

AN interesting sidelight on the initiative of homesteaders selected is found in present employment conditions in the section. From 50 to 75 men in the Arthurdale section, chiefly from the towns of Bretz, Burk, and Masontown, drive daily to the vicinity of Scotts Run—the section from which most Arthurdale homesteaders came—and find employment in mines there.

They earn from \$125 to \$200 a month, and one enterprising fellow from Bretz has fitted up an old truck chassis with an inclosed home-made body, heated by a stove, in which he hauls 17 of his fellows back and forth daily on the 70 mile ride, charging approximately a cent a mile for this comfortable, if somewhat crowded, transportation.

Concerning the human element, some local observers report a noticeable improvement in the morale of the homesteaders as evidenced by their personal appearance. There are also reports that some homesteaders are dissatisfied, based particularly upon the lack of employment through other than relief agencies. Certain observers have reported a feeling of escape on the part of homesteaders from the tyranny of "the company," as they speak of the mines. One wonders, however, whether there is great difference between that and the restrictions now placed upon them by life upon the project.

Every act of the homesteaders is, potentially at least, controlled by and under the eyes of the project management.

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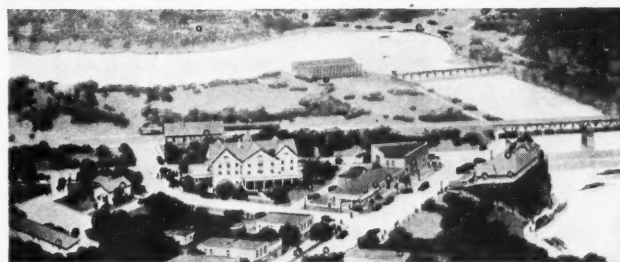


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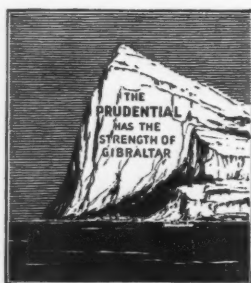
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How Amend the FTC Act

IF REAL progress is to be made toward meeting the evils of unfair competition, renewed emphasis should be placed on the Federal Trade Commission's judicial functions and its inquisitorial activities should be ended, Harper Sibley, president of the Chamber of Commerce of the United States, declared in appearing before the Senate Interstate Commerce Committee in opposition to the Wheeler-Rayburn Federal Trade Commission bill.

Concerning those provisions of the bill which would vastly increase the investigating powers granted under Section Six of the present FTC Act, Mr. Sibley said:

This puts the emphasis, we believe, in the wrong place. We think the part of the Commission's duties which should receive most attention is its responsibility as to methods of unfair competition and not its power to conduct investigations into subjects of indeterminate nature.

Chamber favored Section Five

ENACTMENT of Section Five of the present Act, he recalled in commenting on the alterations the Wheeler-Rayburn bill also proposes to this section, was advocated by the Chamber and this organization has consistently urged that the original purposes of that section be realized.

Outlining those purposes and present procedure under Section Five, Mr. Sibley continued:

The proposal in the new bill that, if a business concern which has been before the Commission does not itself appeal to the courts within a stated period it must obey the Commission's order or suffer substantial penalties, I believe is not consistent with the original purpose of Section Five.

That purpose is the ascertainment of methods and practices in competition which should be eliminated because of their unfair tendencies. Such a purpose should not be clouded by attendant penalties.

The other amendment proposed to Section Five I believe should also be described as inconsistent with its original purposes.

To the present general declaration that unfair methods of competition are illegal, the amendment would add a provision of a wholly different kind, making illegal unfair and deceptive practices which do not occur in competition but which are individual and isolated and relate in no way to the public policy expressed in the antitrust laws.

This proposal would seem necessarily to contravene the purpose of Section Five by permitting the Commission to become a policing agency, perhaps in a sphere which already belongs to other

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agencies of the Government. If there is need for additional legislation of this character, it would seem orderly to place the new authority in quarters already possessing duties in these regards, rather than impose new and incongruous functions upon the Trade Commission.

Preservation of the present general jurisdiction of the Commission, and proper exercise of that jurisdiction, would have the great public advantage of making special legislation to deal with particular situations in competition needless.

Development of the Commission's present jurisdiction under Section Five offers so many prospects of public advantage that consideration might very well be given to relieving the Commission of all other duties, and concentrating its energies upon methods of unfair competition. Other duties could be transferred to some other agency.

That the jurisdiction of the Commission as to unfair methods of competition as it stands can be properly developed would appear from the opinions of the Supreme Court.

These opinions can only be interpreted, I believe, as pointing the way to the removal of unfair methods that affect the public interest and should be taken as indicating the Commission's opportunity to proceed with the important duties it has under Section Five.

These duties can be better performed, the Chamber has repeatedly suggested, if Congress by new legislation would give the Commission authority to proceed through trade practice conferences to consider the methods used by whole industries. I urge the importance of early legislation to give statutory authority of this kind.

While the Commission has made real accomplishments in this direction, Mr. Sibley continued, the administration of Section Five has heretofore proved somewhat disappointing, largely because the Commission's judicial functions have been obscured by its less important activities as investigator.

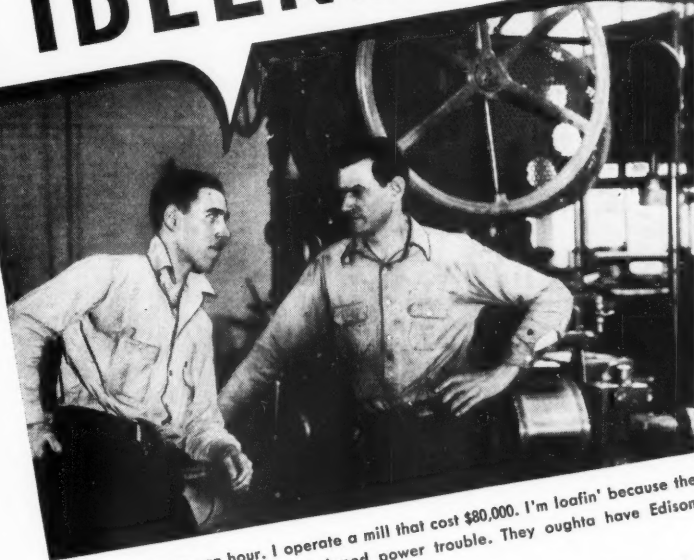
Too much investigation

NOTWITHSTANDING these experiences, he said, it is proposed now under the new bill to extend the inquisitorial powers to cover persons and partnerships and to reinforce those powers by delegating to the Commission Congress' own vast powers to "obtain information in aid of legislation."

Outlining the extent of that power, Mr. Sibley pointed out that there was grave question concerning the validity of such a grant to an administrative agency.

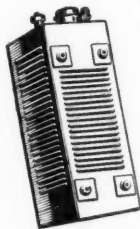
"If real progress is to be made in meeting the evils of unfair competition," he said, in closing, "there should now be renewed emphasis on the Commission's judicial functions. Its inquisitorial activities should be ended that it may assume the dignity and confidence befitting a judicial body and may devote its full time to a task which is of the highest importance and which can well occupy all of its energies."

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"I earn a dollar ten an hour. I operate a mill that cost \$80,000. I'm loafin' because the truck that hauls the materials developed power trouble. They oughta have Edison Batteries like they did the last place I worked."

Modern materials-handling trucks are marvels. They pick up their own loads, haul them, and set them down—without complicated gear. But they can be no more dependable than their power units. Edison Batteries are dependable—they are not subject to unexpected failure—they are rugged. Built of steel, and using an alkaline solution which is a steel-preservative, they possess exclusive advantages that protect their users against unwilling idleness. It is well to remember that this is the only battery in U. S. employing the steel-alkaline principle. Their Protected Power fits them ideally for industrial, railroad, marine and every other heavy-duty service. Offices in principal cities.



EDISON storage BATTERY

DIVISION OF THOMAS A. EDISON, INC.
W. ORANGE, N. J.



What a Dad!

"I use a Schick Shaver. Your grandfather does and here's one for you." Boys just beginning to shave, men with tough beards and tender skins, older men with deeply-wrinkled cheeks—all get quick, close shaves. There are NO BLADES in the Schick Shaver—so they cannot possibly cut themselves nor feel the slightest discomfort. NO LATHER—so they may shave without even removing the collar! A thousand men a day are being converted to Schick Shaving. ASK YOUR DEALER to show you a Schick Shaver. If there is no dealer near you, send \$15 direct to Dept. N.

SCHICK DRY SHAVER, INC., STAMFORD, CONN. Western Distributors: Edises, Inc., San Francisco. In Canada, Henry Birks & Sons, Ltd., and other leading stores. (Canadian price, \$16.50.)



GET MORE BUSINESS ...Use Post-Card Ads!...

Now you can illustrate, print and address the cards yourself—all operations—on a simple little machine called the

Elliott Cardvertiser

Uncle Sam furnishes the penny postal cards... you have no cuts to buy or type to set. Businesses of all kinds—Retailers, Manufacturers, Wholesalers—are rapidly discovering the big results from post-card messages sent to customers and prospects. Cardvertiser models from \$60 to \$150.

Write on business stationery and receive sample cards for your line.



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155 Albany St. Cambridge, Mass.



HULL AUTO COMPASS

Have you ever taken the wrong road and driven many miles before discovering your mistake? This new AIRPLANE TYPE COMPASS constantly tells your direction of travel. Sticks to windshield. Base 1 7/8" diameter. ONLY \$1.95 POST-PAYD, including Compensator. SATISFACTION GUARANTEED.

If your dealer cannot supply you, order direct.

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WASHINGTON, D.C.

Write for folders and full information about Washington. Live at Washington's most convenient hotel for sightseeing and business. Rates reasonable.



Lights Burned in Great Barrington

(Continued from page 34)

was kept running for several months until—so the story goes—a careless mechanic dropped a screw driver into the generator. But in the meantime other problems were developing. One was the need for a meter. If the central station method of distribution was to succeed, it was necessary to know how much current each customer was using. The problem was turned over to Oliver B. Shallenberger, another young Westinghouse engineer. He solved it unexpectedly in four weeks when a spiral spring fell into the magnet core of an arc lamp with which he was experimenting. The spring began to rotate slowly on its own axis, a phenomenon which told the ingenious young engineer practically all he needed to know.

But a more serious problem was the storm of opposition raised against alternating current. It came from the scientific and engineering world and ranged from incredulity to efforts to have state legislators bar alternating current by law.

Among the disapproving was Thomas A. Edison who wrote in the *North American Review* for November, 1889:

There is no plea which will justify the use of high tension and alternating current in either a scientific or commercial sense—my personal desire would be to prohibit entirely the use of alternating currents. They are unnecessary as they are dangerous.

Another critic was Sir William Thomson (Lord Kelvin), president of the International Niagara Commission, who, when plans were considered for using the Falls as a source of power, cabled the warning, "Trust you avoid gigantic mistake of adoption of alternating current."

It might be noted, in passing, that when the Falls were finally harnessed, alternating current was adopted, and it was Westinghouse who did the job.

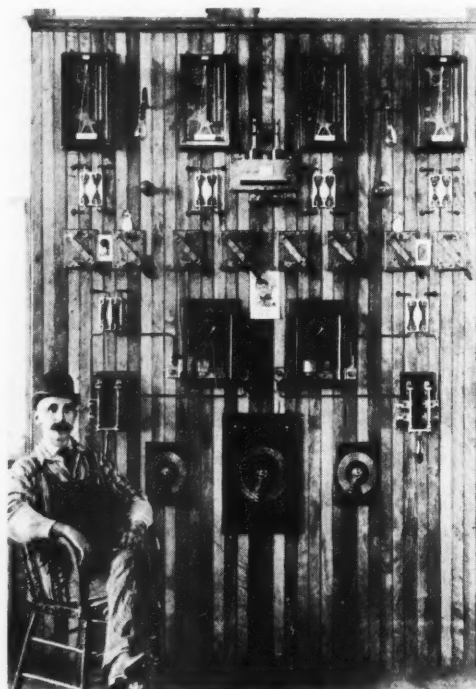
But that was later. Much water had to go over the Falls before their use as a source of power was necessary or even possible. Although a commercial alternating current system was set up in Buffalo only a few months after the Great Barrington experi-

ment and others were added from time to time, these early installations were useful only as sources of light. An alternating current motor was needed before these systems could undertake to supply power. Again a man was found to meet the challenge. His name was Nikola Tesla.

Born in Austrian Croatia, he had received his early training in the Austrian government telegraphs engineering department. He came to the United States in 1884, established the Tesla laboratory in New York City and, four years later, patented an induction motor. Mr. Westinghouse lost no time in hiring young Mr. Tesla—he was 31 at the time—and acquiring his patents. It was not until 1890, however, that alternating current motors were actually in service.

By that time the company was completing its first hydro-electric installation, a task which was watched with interest because of the—for those days—tremendous voltages involved. The plant was built for the Willamette Falls Electric Company at Oregon City, whence power was transmitted at 3,000 volts to Portland, 14 miles away. There it was stepped down first to 1,000 volts for the local distributing system and again for general lighting service.

Installations of the same general type were completed for the Telluride



Hence the word "switchboard." In the early days it actually was a board with switches

Power Transmission Company and for the San Antonio Lighting & Power Company at Pomona, Calif.

With these achievements under its belt, the young company turned its attention to its most spectacular job. That was the illumination of the World's Columbian Exposition at Chicago in 1893.

Here the company undertook two things. One was the actual lighting of the fair grounds. The other was a practical demonstration of the possibilities of alternating current and its own equipment for utilizing those possibilities. It was a monstrous undertaking.

Drama behind the stage

AND it was a darn good show. For real drama, of course, the Niagara Falls power plant, being built and installed while the Fair was in progress, was far superior. But the drama here was all back stage. It was enacted in shops where generators five times as large as the Fair generators were being built, at drawing boards with compasses and slide rules. The public did not see it, but technicians did and from the installation of that plant is dated the real foundation of the central station industry.

Incidentally those original generators are still there, standing by for emergency service, if needed.

This story might go on, step by step, with the company. It could tell how, in 1900, the Westinghouse turbine generator was built for the Hartford Electric Light Company—the first such generator to go into commercial operation. It produced 2,000 kilowatts and revolutionized methods of generating electricity from coal.

Other stories could be told of electrification of railroads and steel mills, of radio.

Stories might be told of how the plant built in Garrison Alley, Pittsburgh, in 1884 has expanded into 23 plants and 25 service shops employing 50,000 people.

Prophecies for the future could be made. They would likely be no more exact than the prophecies made by the engineers who gathered in Great Barrington, Mass., on March 20, 1886 to watch that first demonstration of alternating current.

Only one safe prediction can be made, in the opinion of those in the best position to predict. It is this:

Continuing improvements will be reflected by lowered costs in the generation, transmission and distribution of electric power. It is likewise a safe prediction that the coming 50 years will show as much, if not more, progress as there has been in the past half century.

Guaranty Trust Company of New York

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Madison Ave. at 60th St.

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ANTWERP

Condensed Statement, March 31, 1936

RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 406,180,507.34
Bullion Abroad and in Transit	3,541,030.00
U. S. Government Obligations	653,255,605.94
Public Securities	55,484,395.19
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	24,400,574.73
Loans and Bills Purchased	595,896,925.03
Items in Transit with Foreign Branches	3,087,354.51
Credits Granted on Acceptances	34,399,956.73
Bank Buildings	13,480,670.39
Other Real Estate	357,477.43
Real Estate Bonds and Mortgages	2,988,063.28
Accrued Interest and Accounts Receivable	11,761,008.08
	\$1,812,633,568.65

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	7,317,042.28
	\$ 267,317,042.28
Dividend Payable April 1, 1936	2,700,000.00
Foreign Funds Borrowed	164,813.00
Miscellaneous Accounts Payable, Accrued Interest, Taxes, etc.	11,955,990.77
Acceptances	\$51,495,459.38
Less: Own Acceptances	
Held for Investment	17,095,502.65
	34,399,956.73
Liability as Endorser on Acceptances and Foreign Bills	6,160,133.00
Agreements to Repurchase Securities Sold	1,651,026.00
Deposits	\$1,453,703,638.32
Outstanding Checks	34,580,968.55
	1,488,284,606.87
	\$1,812,633,568.65

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EUGENE W. STETSON, Vice-President

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IMPROVE YOUR PAYROLL ACCOUNTING

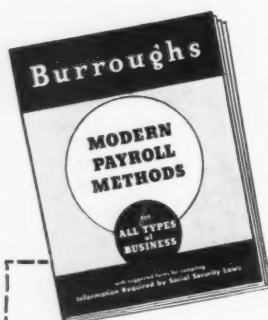
*and at the same time obtain
the information required by the*

SOCIAL SECURITY ACT

Many employers are finding in recent Burroughs developments a simple solution of the accounting problems set up by the Federal Social Security Act. Often the exceptional speed, ease and economy of new Burroughs machines make it possible for employers actually to lower accounting costs and still have the additional information required.

In fact, many say: "We are glad the Social Security Act prompted us to investigate, because we now have the complete payroll accounting system we have needed for a long time."

We suggest that you call the local Burroughs office. A Burroughs representative will be glad to show you how we can assist you to meet your problem with the minimum change in equipment, and at the lowest possible accounting cost.



THIS NEW FOLDER MAY HELP YOU

Burroughs has just prepared an interesting descriptive folder illustrating complete payroll accounting methods, with typical forms for maintaining the information required by the Social Security Act. The forms show representative entries and suitable column headings. You may have this folder without charge simply by filling in and mailing the coupon.

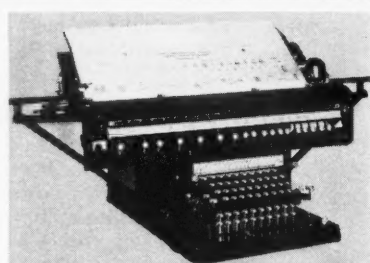
Burroughs Adding Machine Company
6125 Second Boulevard, Detroit, Michigan

Send me the new folder, "Modern Payroll Methods"—which includes illustrations of forms for compiling figures required by the Federal Social Security Act.

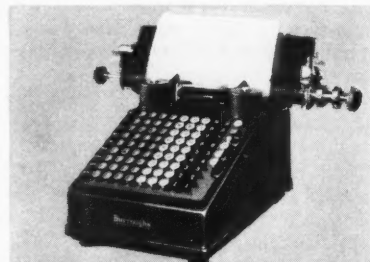
Name

Address

NEW MACHINES FOR PAYROLL ACCOUNTING



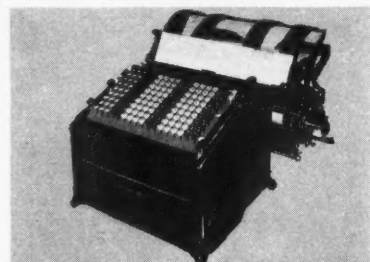
Burroughs Typewriter Payroll Accounting Machine writes check, earnings record, employee's statement and payroll summary in one operation. Column selection automatically controlled. All totals accumulated.



Burroughs Desk Bookkeeping Machine posts earnings records, automatically prints dates in proper columns, automatically subtracts deductions—calculates net pay.



Burroughs Electric Carriage Check-Writing Typewriter writes payroll checks either in units or in strips. Payroll summary completed at same operation. Fast and easy insertion and removal of checks.



Burroughs Automatic Payroll Machine writes check, employee's earnings statement, earnings record and payroll summary in one operation. Accumulates all necessary totals, automatically ejects and stacks checks in order.

Washington and Your Business

(Continued from page 19)

of 20,000,000 pounds in a year. . . . National Grange kicks against proposed irrigation projects under Mississippi Valley Authority bill—already too much acreage in production, it's argued. . . . Washington authorities struggle with question whether a Senator violating traffic rules is subject to arrest or constitutionally immune. . . . Proposal to eliminate political appointments in connection with Rural Electrification act was rejected by the House. . . . Administrator Morris Cooke will have free swing to appoint whomever he pleases—or whomever the politicians can force upon him. . . . Many experiments at Treasury expense will have to wait until after election—and then maybe some. . . . Slickers down South tried to palm off 75-cent-an-acre swamp lands on Resettlement Administration at \$5 an acre. . . .

Wiring the Farm

HOUSE agreed to the Norris Bill providing electricity for farm communities and farmers. The \$400,000,000 authorized by this bill is only a starter, according to Senator Norris, author of the measure. The wiring of all farms in the country is planned. That means

bigger cost than all electric power systems up to date. Rural electrification is made possible by furnishing public money at three per cent to build community plants. Rates to individual farmers will be whatever the Administrator decides. He is to hold his job for ten years. It's another heavy perpetual obligation imposed upon Uncle Sam.

Impeachment

IT'S amusing to see the Senate posing as a court trying an impeachment case. No more unwieldy arrangement could be imagined. Senators are both judges and jury. They send up written questions to be propounded to witnesses. No senator pretends to sit in and hear every word—and yet he must vote on the evidence, as a conscientious jurymen.

An impeachment trial is a relic of ancient times which would be scrapped if there were any alternative. But it's the only constitutional method of trying an officer of the United States charged with "high crimes and misdemeanors" which, if proved, would require his removal from office. Luckily very few judges or other officials are impeached. If they were, the Senate couldn't transact any other business.



FOR NATION'S BUSINESS BY HAMMER

Technocracy Again

TECHNOCRACY, popular word of many months ago, enjoys a revival. From WPA funds \$13,000,000 has been allotted to study technological unemployment and, in the House of Representatives, a resolution was introduced proposing that the Department of Labor be asked to make a complete study of the same subject.

The resolution was referred to a subcommittee of the House labor committee. Several members of the subcom-

mittee are shown here as they considered the resolution. In the photo, left to right, are a reporter, Representatives Lesinski, Palmisano, and Gildea. Mr. Lesinski's secretary is on the extreme right.

It is interesting to note that, in 1842 a committee of the British Parliament made a study similar to that proposed here. It reported that "unless something is done to stop the introduction of labor saving devices, there will be an economic cataclysm."

1000 BUSINESSES proved this for YOU!

THE Egly Speed-Feed is only a few years old. Yet so general is its acceptance and so universal its use in businesses of all types and sizes, that it has become an indispensable business aid.

Attached in an instant, the Egly Speed-Feed converts any typewriter into a billing machine using Egly Continuous Forms. As quickly detached, your typewriter is again a correspondence machine. This dual performance is accomplished without any change in typewriter construction or operation.

Saves its cost many times by increasing the output of typed multiple copy forms 50% and more. Eliminates the use of pre-inserted (one time) carbons and other types of forms that require manual interleaving or removing of carbons. The Egly Speed-Feed accomplishes all this automatically.

Send for complete Speed-Feed details. Demonstrations arranged in your own office without cost or obligation. Use the coupon.



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THE PASSING OF THE NAIL FILE

TWENTY YEARS AGO, the wise car driver carried a nail file to clean the platinum points in the distributor.

Today, the nail file is banished from the automobile tool kit. Tungsten points, developed in the General Electric Research Laboratory, in Schenectady, N. Y., have replaced soft and expensive platinum. There is little need to file tungsten points. Hidden away, requiring no attention, they break electric circuits half a million times an hour and save car owners millions of dollars a year.

Is this all G-E research has done for 24 million car owners? No! It has given new welding methods—and a stronger and safer car at lower cost; Glyptal finishes—and the expense of repainting your car is postponed for years; headlights and highway lighting — night driving becomes safer for motorist and pedestrian.

Every product that carries the G-E name has built into it the results of G-E research. Other industries—and the public that buys the goods of those industries—have benefited by this research, that has saved the American people from ten to one hundred dollars for every dollar it has earned for General Electric.

GENERAL  ELECTRIC

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"COMPTOMETER" METHODS SPEED KRAFT CHEESE

Figure work

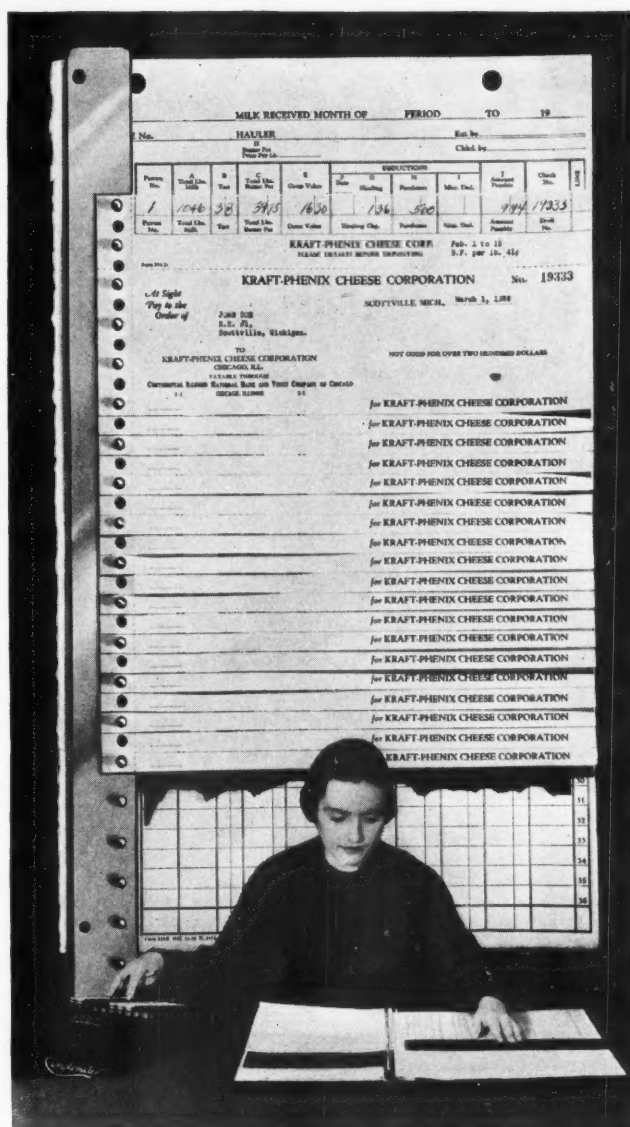
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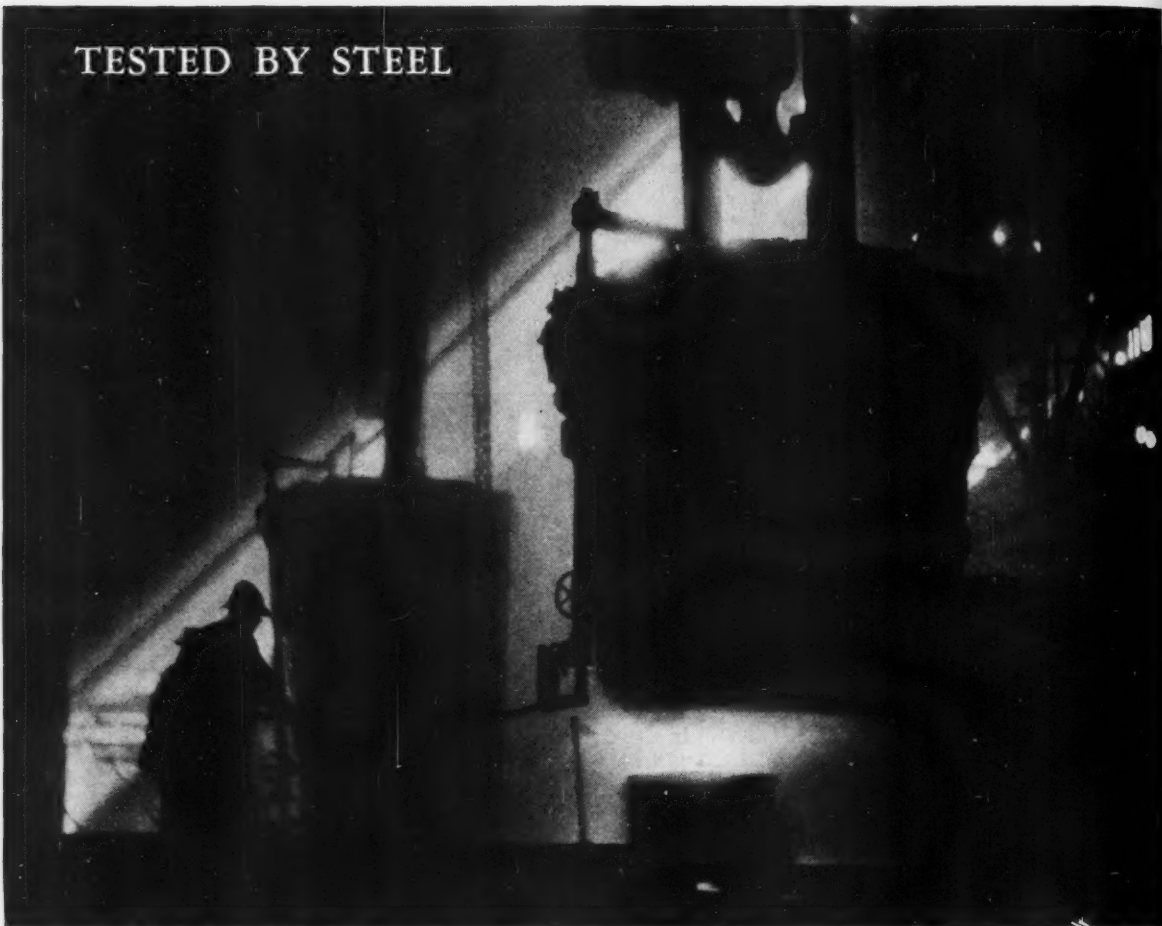
At right is shown a unique application of the Peg-Board—check writing. More than 20,000 checks are written monthly at Kraft's Chicago office and mailed to farmers in payment for milk. The check, containing production figures which serve as farmer's receipt, and the payroll record are made simultaneously with one writing. All figuring, of course, is handled on the "Comptometer."



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